



General Assembly

***Substitute Bill No. 985***

*January Session, 2003*

***AN ACT CONCERNING BANK AND CREDIT UNION TRANSACTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-2 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 As used in this title, unless the context otherwise requires:

4 (1) "Affiliate" of a person means any person controlling, controlled  
5 by, or under common control with, that person;

6 (2) "Applicant" with respect to any license or approval provision  
7 pursuant to this title means a person who applies for that license or  
8 approval;

9 (3) "Automated teller machine" means a stationary or mobile  
10 unattended device, including a satellite device but excluding a point of  
11 sale terminal, at which banking transactions, including, but not limited  
12 to, deposits, withdrawals, advances, payments or transfers, may be  
13 conducted;

14 (4) "Bank" means a Connecticut bank or a federal bank;

15 (5) "Bank and trust company" means an institution chartered or  
16 organized under the laws of this state as a bank and trust company;

17 (6) "Bank holding company" has the meaning given to that term in

18 12 USC Section 1841(a), as from time to time amended, except that the  
19 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-  
20 of-state bank that functions solely in a trust or fiduciary capacity;

21 (7) "Capital stock" when used in conjunction with any bank or out-  
22 of-state bank means a bank or out-of-state bank that is authorized to  
23 accumulate funds through the issuance of its capital stock;

24 (8) "Club deposit" means deposits to be received at regular intervals,  
25 the whole amount deposited to be withdrawn by the owner or repaid  
26 by the bank in not more than fifteen months from the date of the first  
27 deposit, and upon which no interest or dividends need to be paid;

28 (9) "Commissioner" means the Commissioner of Banking and, with  
29 respect to any function of the commissioner, includes any person  
30 authorized or designated by the commissioner to carry out that  
31 function;

32 (10) "Company" means any corporation, joint stock company, trust,  
33 association, partnership, limited partnership, unincorporated  
34 organization, limited liability company or similar organization, but  
35 does not include (A) any corporation the majority of the shares of  
36 which are owned by the United States or by any state, or (B) any trust  
37 which by its terms must terminate within twenty-five years or not later  
38 than twenty-one years and ten months after the death of beneficiaries  
39 living on the effective date of the trust;

40 (11) "Connecticut bank" means a bank and trust company, savings  
41 bank or savings and loan association chartered or organized under the  
42 laws of this state;

43 (12) "Connecticut credit union" means a cooperative, nonprofit  
44 financial institution that (A) is organized under chapter 667 and the  
45 membership of which is limited as provided in section 36a-438a, (B)  
46 operates for the benefit and general welfare of its members with the  
47 earnings, benefits or services offered being distributed to or retained  
48 for its members, and (C) is governed by a volunteer board of directors

49 elected by and from its membership;

50 (13) "Connecticut credit union service organization" means a credit  
51 union service organization that is incorporated under the laws of this  
52 state, located in this state and established by at least one Connecticut  
53 credit union;

54 (14) "Consolidation" means a combination of two or more  
55 institutions into a new institution; all institutions party to the  
56 consolidation, other than the new institution, are "constituent"  
57 institutions; the new institution is the "resulting" institution;

58 (15) "Control" has the meaning given to that term in 12 USC Section  
59 1841(a), as from time to time amended;

60 (16) "Credit union service organization" means an entity organized  
61 under state or federal law to provide credit union service organization  
62 services primarily to its members, to Connecticut credit unions, federal  
63 credit unions and out-of-state credit unions other than its members,  
64 and to members of any such other credit unions;

65 (17) "Customer" means any person using a service offered by a  
66 financial institution;

67 (18) "Demand account" means an account into which demand  
68 deposits may be made;

69 (19) "Demand deposit" means a deposit that is payable on demand,  
70 a deposit issued with an original maturity or required notice period of  
71 less than seven days or a deposit representing funds for which the  
72 bank does not reserve the right to require at least seven days' written  
73 notice of the intended withdrawal, but does not include any time  
74 deposit;

75 (20) "Deposit" means funds deposited with a depository;

76 (21) "Deposit account" means an account into which deposits may  
77 be made;

78       (22) "Depositor" includes a member of a mutual savings and loan  
79 association;

80       (23) "Director" means a member of the governing board of a  
81 financial institution;

82       (24) "Equity capital" means the excess of a Connecticut bank's total  
83 assets over its total liabilities, as defined in the instructions of the  
84 federal Financial Institutions Examination Council for consolidated  
85 reports of condition and income;

86       (25) "Executive officer" means every officer of a Connecticut bank  
87 who participates or has authority to participate, otherwise than in the  
88 capacity of a director, in major policy-making functions of such bank,  
89 regardless of whether such officer has an official title or whether that  
90 title contains a designation of assistant and regardless of whether such  
91 officer is serving without salary or other compensation. The president,  
92 vice president, secretary and treasurer of such bank are deemed to be  
93 executive officers, unless, by resolution of the governing board or by  
94 such bank's bylaws, any such officer is excluded from participation in  
95 major policy-making functions, otherwise than in the capacity of a  
96 director of such bank, and such officer does not actually participate in  
97 such policy-making functions;

98       (26) "Federal agency" has the meaning given to that term in 12 USC  
99 Section 3101, as from time to time amended;

100       (27) "Federal bank" means a national banking association, federal  
101 savings bank or federal savings and loan association having its  
102 principal office in this state;

103       (28) "Federal branch" has the meaning given to that term in 12 USC  
104 Section 3101, as from time to time amended;

105       (29) "Federal credit union" means any institution chartered or  
106 organized as a federal credit union pursuant to the laws of the United  
107 States having its principal office in this state;

108       (30) "Fiduciary" means a person undertaking to act alone or jointly  
109       with others primarily for the benefit of another or others in all matters  
110       connected with its undertaking and includes a person acting in the  
111       capacity of trustee, executor, administrator, guardian, assignee,  
112       receiver, conservator, agent, custodian under the Connecticut Uniform  
113       Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting  
114       in any other similar capacity;

115       (31) "Financial institution" means any Connecticut bank,  
116       Connecticut credit union, or other person whose activities in this state  
117       are subject to the supervision of the commissioner, but does not  
118       include a person whose activities are subject to the supervision of the  
119       commissioner solely pursuant to chapter 672a, 672b or 672c or any  
120       combination thereof;

121       (32) "Foreign bank" has the meaning given to that term in 12 USC  
122       Section 3101, as from time to time amended;

123       (33) "Foreign country" means any country other than the United  
124       States and includes any colony, dependency or possession of any such  
125       country;

126       (34) "Governing board" means the group of persons vested with the  
127       management of the affairs of a financial institution irrespective of the  
128       name by which such group is designated;

129       (35) "Holding company" means a bank holding company or a  
130       savings and loan holding company, except, as used in sections 36a-180  
131       to 36a-191, inclusive, "holding company" means a company that  
132       controls a bank;

133       (36) "Insured depository institution" has the meaning given to that  
134       term in 12 USC Section 1813, as from time to time amended;

135       (37) "Licensee" means any person who is licensed or required to be  
136       licensed pursuant to the applicable provisions of this title;

137       (38) "Loan" includes any line of credit or other extension of credit;

138       (39) "Merger" means the combination of one or more institutions  
139 with another which continues its corporate existence; all institutions  
140 party to the merger are "constituent" institutions; the merging  
141 institution which upon the merger continues its existence is the  
142 "resulting" institution;

143       (40) "Mutual" when used in conjunction with any institution that is a  
144 bank or out-of-state bank means any such institution without capital  
145 stock;

146       (41) "Mutual holding company" means a mutual holding company  
147 organized under sections 36a-192 to 36a-199, inclusive, and unless  
148 otherwise indicated, a subsidiary holding company controlled by a  
149 mutual holding company organized under sections 36a-192 to 36a-199,  
150 inclusive;

151       (42) "Out-of-state" includes any state other than Connecticut and  
152 any foreign country;

153       (43) "Out-of-state bank" means any institution that engages in the  
154 business of banking, but does not include a bank, Connecticut credit  
155 union, federal credit union or out-of-state credit union;

156       (44) "Out-of-state credit union" means any credit union other than a  
157 Connecticut credit union or a federal credit union;

158       (45) "Out-of-state trust company" means any company chartered to  
159 act as a fiduciary but does not include a company chartered under the  
160 laws of this state, a bank, an out-of-state bank, a Connecticut credit  
161 union, a federal credit union or an out-of-state credit union;

162       (46) "Person" means an individual, company, including a company  
163 described in subparagraphs (A) and (B) of subdivision (10) of this  
164 section, or any other legal entity, including a federal, state or municipal  
165 government or agency or any political subdivision thereof;

166       (47) "Point of sale terminal" means a device located in a commercial  
167 establishment at which sales transactions can be charged directly to the

168 buyer's deposit, loan or credit account, but at which deposit  
169 transactions cannot be conducted;

170 (48) "Reorganized savings bank" means any savings bank  
171 incorporated and organized in accordance with sections 36a-192 and  
172 36a-193;

173 (49) "Reorganized savings and loan association" means any savings  
174 and loan association incorporated and organized in accordance with  
175 sections 36a-192 and 36a-193;

176 (50) "Reorganized savings institution" means any reorganized  
177 savings bank or reorganized savings and loan association;

178 (51) "Representative office" has the meaning given to that term in 12  
179 USC Section 3101, as from time to time amended;

180 (52) "Reserves for loan and lease losses" means the amounts  
181 reserved by a Connecticut bank against possible loan and lease losses  
182 as shown on the bank's consolidated reports of condition and income;

183 (53) "Satellite device" means an automated teller machine which is  
184 not part of an office of the bank, Connecticut credit union or federal  
185 credit union which has established such machine;

186 (54) "Savings account" means a deposit account, other than an  
187 escrow account established pursuant to section 49-2a, into which  
188 savings deposits may be made and which account must be evidenced  
189 by periodic statements delivered at least semiannually or by a  
190 passbook;

191 (55) "Savings and loan association" means an institution chartered or  
192 organized under the laws of this state as a savings and loan  
193 association;

194 (56) "Savings bank" means an institution chartered or organized  
195 under the laws of this state as a savings bank;

196 (57) "Savings deposit" means any deposit other than a demand  
197 deposit or time deposit on which interest or a dividend is paid  
198 periodically;

199 (58) "Savings and loan holding company" has the meaning given to  
200 that term in 12 USC Section 1467a, as from time to time amended;

201 (59) "Share account holder" means a person who maintains a share  
202 account in a Connecticut credit union, federal credit union or out-of-  
203 state credit union that maintains in this state a branch, as defined in  
204 section 36a-435b, as amended by this act;

205 [(59)] (60) "State" means any state of the United States, the District of  
206 Columbia, any territory of the United States, Puerto Rico, Guam,  
207 American Samoa, the trust territory of the Pacific Islands, the Virgin  
208 Islands and the Northern Mariana Islands;

209 [(60)] (61) "State agency" has the meaning given to that term in 12  
210 USC Section 3101, as from time to time amended;

211 [(61)] (62) "State branch" has the meaning given to that term in 12  
212 USC Section 3101, as from time to time amended;

213 [(62)] (63) "Subsidiary" has the meaning given to that term in 12  
214 USC Section 1841(d), as from time to time amended;

215 [(63)] (64) "Subsidiary holding company" means a stock holding  
216 company, controlled by a mutual holding company, that holds one  
217 hundred per cent of the stock of a reorganized savings institution;

218 [(64)] (65) "Supervisory agency" means: (A) The commissioner; (B)  
219 the Federal Deposit Insurance Corporation; (C) the Resolution Trust  
220 Corporation; (D) the Office of Thrift Supervision; (E) the National  
221 Credit Union Administration; (F) the Board of Governors of the  
222 Federal Reserve System; (G) the United States Comptroller of the  
223 Currency; and (H) any successor to any of the foregoing agencies or  
224 individuals;



225 [(65)] (66) "Time account" means an account into which time  
226 deposits may be made; and

227 [(66)] (67) "Time deposit" means a deposit that the depositor or  
228 share account holder does not have a right and is not permitted to  
229 make withdrawals from within six days after the date of deposit,  
230 unless the deposit is subject to an early withdrawal penalty of at least  
231 seven days' simple interest on amounts withdrawn within the first six  
232 days after deposit, subject to those exceptions permissible under 12  
233 CFR Part 204, as from time to time amended.

234 Sec. 2. Section 36a-3 of the general statutes is repealed and the  
235 following is substituted in lieu thereof (*Effective July 1, 2003*):

236 Other definitions applying to this title or to specified parts thereof  
237 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Advance fee". Sections 36a-510, 36a-485 and 36a-615.
- T4 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.
- T5 "Agency bank". Section 36a-285.
- T6 "Alternative mortgage loan". Section 36a-265.
- T7 "Amount financed". Section 36a-690.
- T8 "Annual percentage rate". Section 36a-690.
- T9 "Annual percentage yield". Section 36a-316.
- T10 "Annuities". Section 36a-455a, as amended by this act.
- T11 "Applicant". Section 36a-736.
- T12 "APR". Section 36a-746a.
- T13 "Assessment area". Section 36a-37.
- T14 "Associate". Section 36a-184.
- T15 "Associated member". Section 36a-458a.
- T16 "Bank". Section 36a-30.
- T17 "Bankers' bank". Section 36a-70.
- T18 "Banking business". Section 36a-425.
- T19 "Basic services". Section 36a-437a.

T20	"Billing cycle". Section 36a-565.
T21	"Bona fide nonprofit organization". Section 36a-655.
T22	"Branch". Sections 36a-145, 36a-410 and 36a-435b.
T23	"Branch or agency net payment entitlement". Section 36a-428n.
T24	"Branch or agency net payment obligation". Section 36a-428n.
T25	"Broker". Section 36a-746a.
T26	"Business and industrial development corporation". Section 36a-626.
T27	"Business and property in this state". Section 36a-428n.
T28	"Capital". Section 36a-435b, <u>as amended by this act.</u>
T29	"Cash advance". Section 36a-564.
T30	"Cash price". Section 36a-770.
T31	"Certificate of incorporation". Section 36a-435b, <u>as amended by</u>
T32	<u>this act.</u>
T33	"Closely related activities". Sections 36a-250 and 36a-455a.
T34	"Collective managing agency account". Section 36a-365.
T35	"Commercial vehicle". Section 36a-770.
T36	"Community bank". Section 36a-70.
T37	"Community credit union". Section 36a-37.
T38	"Community development bank". Section 36a-70.
T39	"Community reinvestment performance". Section 36a-37.
T40	"Connecticut holding company". Section 36a-410.
T41	<u>"Consolidate". Section 36a-145, as amended by this act.</u>
T42	"Construction loan". Section 36a-458a.
T43	"Consumer". Sections 36a-155, 36a-676 and 36a-695.
T44	"Consumer Credit Protection Act". Section 36a-676.
T45	"Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
T46	"Consumer collection agency". Section 36a-800.
T47	"Consummation". Section 36a-746a.
T48	"Controlling interest". Section 36a-276.
T49	"Corporate". Section 36a-435b, <u>as amended by this act.</u>
T50	"Credit". Sections 36a-645 and 36a-676.
T51	"Credit manager". Section 36a-435b, <u>as amended by this act.</u>
T52	"Creditor". Sections 36a-676, 36a-695 and 36a-800.
T53	"Credit card", "cardholder" and "card issuer". Section 36a-676.
T54	"Credit clinic". Section 36a-695.

T55	"Credit rating agency". Section 36a-695.
T56	"Credit report". Section 36a-695.
T57	"Credit sale". Section 36a-676.
T58	"Credit union service organization". Section 36a-435b, <u>as amended</u>
T59	<u>by this act.</u>
T60	"Credit union service organization services". Section 36a-435b,
T61	<u>as amended by this act.</u>
T62	"De novo branch". Section 36a-410.
T63	"Debt". Section 36a-645.
T64	"Debt adjustment". Section 36a-655.
T65	"Debt mutual fund". Sections 36a-275 and 36a-459a.
T66	"Debt securities". Sections 36a-275 and 36a-459a.
T67	"Debtor". Section 36a-655.
T68	"Deliver". Section 36a-316.
T69	"Deposit". Section 36a-316.
T70	["Deposit account". Sections 36a-136 and
T71	36a-316.]
T72	"Deposit account charge". Section 36a-316.
T73	"Deposit account disclosures". Section 36a-316.
T74	"Deposit contract". Section 36a-316.
T75	"Deposit services". Section 36a-425.
T76	"Depositor". Section 36a-316.
T77	"Director". Section 36a-435b, <u>as amended by this act.</u>
T78	"Earning period". Section 36a-316.
T79	"Electronic payment instrument". Section 36a-596.
T80	["Eligible account holder". Section 36a-136.]
T81	"Eligible collateral". Section 36a-330.
T82	"Equity mutual fund". Sections 36a-276 and 36a-459a.
T83	"Equity security". Sections 36a-276 and 36a-459a.
T84	"Federal Credit Union Act". Section 36a-435b, <u>as amended by</u>
T85	<u>this act.</u>
T86	"Federal Home Mortgage Disclosure Act". Section 36a-736.
T87	"Fiduciary". Section 36a-365.
T88	"Filing fee". Section 36a-770.
T89	"Finance charge". Sections 36a-690 and 36a-770.

- T90 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,  
T91 36a-330, 36a-435b, as amended by this act, and 36a-736.
- T92 "Financial records". Section 36a-41.
- T93 "First mortgage broker". Section 36a-485.
- T94 "First mortgage correspondent lender". Section 36a-485.
- T95 "First mortgage lender". Section 36a-485.
- T96 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- T97 "Foreign banking corporation". Section 36a-425.
- T98 "General facility". Section 36a-580.
- T99 "Global net payment entitlement". Section 36a-428n.
- T100 "Global net payment obligation". Section 36a-428n.
- T101 "Goods". Sections 36a-535 and 36a-770.
- T102 "Graduated payment mortgage loan". Section 36a-265.
- T103 "Guardian". Section 36a-365.
- T104 "High cost home loan". Section 36a-746a.
- T105 "Holder". Section 36a-596.
- T106 "Home banking services". Section 36a-170.
- T107 "Home banking terminal". Section 36a-170.
- T108 "Home improvement loan". Section 36a-736.
- T109 "Home purchase loan". Section 36a-736.
- T110 "Home state". Section 36a-410.
- T111 "Immediate family member". Section 36a-435b, as amended by  
T112 this act.
- T113 "Insider". Section 36a-454b.
- T114 "Installment loan contract". Sections 36a-535 and 36a-770.
- T115 "Insurance". Section 36a-455a, as amended by this act.
- T116 "Insurance bank". Section 36a-285.
- T117 "Insurance department". Section 36a-285.
- T118 "Interest". Section 36a-316.
- T119 "Interest rate". Section 36a-316.
- T120 "Lender". Sections 36a-746a and 36a-770.
- T121 "Lessor". Section 36a-676.
- T122 "License". Section 36a-626.
- T123 "Licensee". Sections 36a-510, 36a-596 and 36a-626.
- T124 "Limited branch". Section 36a-145, as amended by this act.

T125	"Limited facility". Section 36a-580.
T126	"Loan broker". Section 36a-615.
T127	"Loss". Section 36a-330.
T128	"Made in this state". Section 36a-770.
T129	"Managing agent". Section 36a-365.
T130	"Manufactured home". Section 36a-457b.
T131	"Material litigation". Section 36a-596.
T132	"Member". Section 36a-435b, <u>as amended by this act.</u>
T133	"Member business loan". Section 36a-458a.
T134	"Member in good standing". Section 36a-435b, <u>as amended by</u>
T135	<u>this act.</u>
T136	"Membership share". Section 36a-435b, <u>as amended by this act.</u>
T137	<u>"Mobile branch". Section 36a-435b, as amended by this act.</u>
T138	"Money order". Section 36a-596.
T139	"Money transmission". Section 36a-365.
T140	"Mortgage insurance". Section 36a-725.
T141	"Mortgage lender". Sections 36a-485, 36a-510 and 36a-705.
T142	"Mortgage loan". Sections 36a-261, 36a-265 and 36a-457b,
T143	<u>as amended by this act.</u>
T144	"Mortgage rate lock-in". Section 36a-705.
T145	"Mortgage servicing company". Section 36a-715.
T146	"Mortgagor". Section 36a-715.
T147	"Motor vehicle". Section 36a-770.
T148	"Multiple common bond membership". Section 36a-435b,
T149	<u>as amended by this act.</u>
T150	"Municipality". Section 36a-800.
T151	"Net outstanding member business loan balance". Section 36a-458a.
T152	"Net worth". Sections 36a-441a, 36a-458a and 36a-596.
T153	"Network". Section 36a-155.
T154	"Nonrefundable". Sections 36a-498 and 36a-521.
T155	"Note account". Sections 36a-301 and 36a-456b.
T156	"Office". Section 36a-316.
T157	"Officer". Section 36a-435b, <u>as amended by this act.</u>
T158	"Open-end credit plan". Section 36a-676.
T159	"Open-end loan". Section 36a-565.

T160	"Organization". Section 36a-800.
T161	"Originator". Sections 36a-485 and 36a-510.
T162	"Out-of-state holding company". Section 36a-410.
T163	"Outstanding". Section 36a-596.
T164	"Passbook savings account". Section 36a-316.
T165	"Payment instrument". Section 36a-596.
T166	"Periodic statement". Section 36a-316.
T167	"Permissible investment". Section 36a-596.
T168	"Person". Section 36a-184.
T169	"Post". Section 36a-316.
T170	"Prepaid finance charge". Section 36a-746a.
T171	"Prepayment penalty". Section 36a-746a.
T172	"Prime quality". Section 36a-596.
T173	"Principal amount of the loan". Section 36a-510.
T174	"Processor". Section 36a-155.
T175	"Public deposit". Section 36a-330.
T176	"Purchaser". Section 36a-596.
T177	"Qualified financial contract". Section 36a-428n.
T178	"Qualified public depository" and "depository". Section 36a-330.
T179	"Real estate". Section 36a-457b.
T180	"Records". Section 36a-17.
T181	"Relocate". Sections 36a-145 and 36a-462a, <u>as amended by this act.</u>
T182	"Residential property". Section 36a-485.
T183	"Retail buyer". Sections 36a-535 and 36a-770.
T184	"Retail credit transaction". Section 42-100b.
T185	"Retail deposits". Section 36a-70.
T186	"Retail installment contract". Sections 36a-535 and 36a-770.
T187	"Retail installment sale". Sections 36a-535 and 36a-770.
T188	"Retail seller". Sections 36a-535 and 36a-770.
T189	"Reverse annuity mortgage loan". Section 36a-265.
T190	"Sales finance company". Sections 36a-535 and 36a-770.
T191	"Savings department". Section 36a-285.
T192	"Savings deposit". Section 36a-316.
T193	"Secondary mortgage broker". Section 36a-510.
T194	"Secondary mortgage correspondent lender". Section 36a-510.

T195 "Secondary mortgage lender". Section 36a-510.  
T196 "Secondary mortgage loan". Section 36a-510.  
T197 "Security convertible into a voting security". Section 36a-184.  
T198 "Senior management". Section 36a-435b<sub>2</sub> as amended by this act.  
T199 "Share". Section 36a-435b<sub>2</sub> as amended by this act.  
T200 "Simulated check". Sections 36a-485 and 36a-510.  
T201 "Single common bond membership". Section 36a-435b<sub>2</sub>  
T202 as amended by this act.  
T203 "Social purpose investment". Section 36a-277.  
T204 "Standard mortgage loan". Section 36a-265.  
T205 "Table funding agreement". Section 36a-485.  
T206 "Tax and loan account". Sections 36a-301 and 36a-456b.  
T207 "The Savings Bank Life Insurance Company". Section 36a-285.  
T208 "Time account". Section 36a-316.  
T209 ["Transaction". Section 36a-215.]  
T210 "Travelers check". Section 36a-596.  
T211 "Troubled Connecticut credit union". Section 36a-448a.  
T212 ["Troubled financial institution". Section 36a-215.]  
T213 "Uninsured bank". Section 36a-70.  
T214 "Unsecured loan". Section 36a-615.  
T215 "Warehouse agreement". Section 36a-485.

238 Sec. 3. Section 36a-65 of the general statutes is repealed and the  
239 following is substituted in lieu thereof (*Effective July 1, 2003*):

240 (a) The commissioner shall annually, on or after July first for the  
241 fiscal year commencing on said July first, collect pro rata based on  
242 asset size from each Connecticut bank and each Connecticut credit  
243 union an amount sufficient in the commissioner's judgment to meet  
244 the expenses of the Department of Banking, including a reasonable  
245 reserve for contingencies, provided the commissioner shall not collect  
246 such amount from a newly organized Connecticut credit union until  
247 July first following the third full calendar year after issuance by the  
248 commissioner of such credit union's certificate of authority. Such  
249 assessments and expenses shall not exceed the budget estimates

250 submitted in accordance with section 36a-13. Such assessments may be  
251 made more frequently than annually at the discretion of the  
252 commissioner. Such assessments for any fiscal year shall be reduced  
253 pro rata by the amount of any surplus from the assessments of prior  
254 fiscal years, which surplus shall be maintained in accordance with  
255 subdivision (4) of subsection [(c)] (b) of this section. The commissioner  
256 may reduce any such assessment collected from a Connecticut bank up  
257 to the amount of any assessment for the same fiscal year collected from  
258 such bank by another state in which such bank has established a  
259 branch, limited branch or mobile branch. The commissioner may  
260 reduce any such assessment collected from a Connecticut credit union  
261 up to the amount of any assessment for the same fiscal year collected  
262 from such credit union by another state in which such credit union has  
263 established a branch. Such assessments for any fiscal year shall be a  
264 liability of such banks and credit unions as of the assessment date.  
265 Except as provided in this subsection, such assessments shall not be  
266 prorated for any reason.

267       [(b) (1) The fee for trust department examinations shall be the actual  
268 cost of examination, as such cost is determined by the commissioner.

269       (2) The fee for an examination of a Connecticut credit union service  
270 organization is the actual cost of the examination, as such cost is  
271 determined by the commissioner.

272       (3) A licensee under section 36a-489, 36a-511, 36a-536, 36a-555, 36a-  
273 581, 36a-600, 36a-633, 36a-656 or 36a-801 shall pay to the commissioner  
274 the actual cost of any examination of the licensee, as such cost is  
275 determined by the commissioner. Failure by the licensee to pay such  
276 cost not later than thirty days of receipt of demand from the  
277 commissioner shall automatically suspend the license until the costs  
278 are paid.]

279       [(c)] (b) (1) Each such bank and credit union shall pay the  
280 commissioner the amount allocated to it within twenty business days  
281 from the time the commissioner mails a notice to it of the amount due,



282 with an additional two hundred dollars if the amount allocated is not  
283 paid in the time specified. The provisions of this subdivision shall not  
284 apply to any person required to pay the commissioner any fee for  
285 license or registration or the whole cost of all examinations made by  
286 the commissioner.

287 (2) The State Treasurer shall place all funds received from the  
288 commissioner and all moneys received from any person for documents  
289 or reports sold by the commissioner in a special fund to be known as  
290 the State Banking Fund. [On and after September 19, 1991, amounts]  
291 Amounts in the fund may be expended only pursuant to appropriation  
292 by the General Assembly.

293 (3) The Comptroller shall determine for each fiscal year the expenses  
294 of the Department of Banking.

295 (4) The Secretary of the Office of Policy and Management shall  
296 examine the State Banking Fund annually after the Comptroller has  
297 made his determination and shall direct the Treasurer to set aside  
298 within the Banking Fund amounts in excess of a reasonable reserve for  
299 contingencies, which excess amounts shall be considered a surplus for  
300 the purposes of subsection (a) of this section.

301 (c) (1) The fee for an examination of a trust department of a  
302 Connecticut bank shall be the actual cost of the examination, as such  
303 cost is determined by the commissioner.

304 (2) The fee for an examination of a Connecticut bank organized to  
305 function solely in a fiduciary capacity shall be the actual cost of the  
306 examination, as such cost is determined by the commissioner.

307 (3) The fee for an examination of a Connecticut credit union service  
308 organization is the actual cost of the examination, as such cost is  
309 determined by the commissioner.

310 (4) The fee for an examination of an out-of-state branch of a  
311 Connecticut bank or a branch in this state of an out-of-state bank shall

312 be the actual cost of the examination, as such cost is determined by the  
313 commissioner, and the commissioner may share any such fee with  
314 other banking regulators in accordance with agreements entered into  
315 by the commissioner pursuant to subsection (j) of section 36a-145, as  
316 amended by this act, and subdivision (5) of subsection (a) and  
317 subsection (b) of section 36a-412, as amended by this act.

318 (5) The fee for an examination of an out-of-state branch of a  
319 Connecticut credit union or a branch in this state of an out-of-state  
320 credit union shall be the actual cost of the examination, as such cost is  
321 determined by the commissioner, and the commissioner may share  
322 any such fee with other state or federal credit union regulators in  
323 accordance with agreements entered into by the commissioner  
324 pursuant to subsection (f) of section 36a-462a, as amended by this act,  
325 and subsection (b) of section 36a-462b, as amended by this act.

326 (6) A licensee under section 36a-489, 36a-513, 36a-541, 36a-556, 36a-  
327 581, 36a-600, 36a-628, 36a-656 or 36a-801 shall pay to the commissioner  
328 the actual cost of any examination of the licensee, as such cost is  
329 determined by the commissioner. If the licensee fails to pay such cost  
330 not later than thirty days after receipt of demand from the  
331 commissioner, the commissioner shall automatically suspend the  
332 license until such costs are paid.

333 (d) (1) The fee for investigating and processing each application is as  
334 follows:

335 (A) Establishment of (i) a branch under subdivision (1) of subsection  
336 (b) of section 36a-145, as amended by this act, two thousand dollars;  
337 (ii) a mobile branch under subdivision (1) of subsection (d) of section  
338 36a-145, as amended by this act, one thousand five hundred dollars;  
339 (iii) a limited branch under subdivision (1) of subsection (c) of section  
340 36a-145, as amended by this act, one thousand five hundred dollars;  
341 (iv) a special need limited branch under subdivision [(2)] (4) of  
342 subsection (c) of section 36a-145, as amended by this act, five hundred  
343 dollars; (v) an out-of-state branch under subsection [(i)] (j) of section

36a-145, as amended by this act, a reasonable fee not to exceed two thousand dollars from which any fees paid to a state other than this state or to a foreign country in connection with the establishment shall be deducted; and (vi) an out-of-state limited or mobile branch under subsection (i) of section 36a-145, as amended by this act, a reasonable fee not to exceed one thousand five hundred dollars from which any fees paid to a state other than this state or to a foreign country in connection with the establishment shall be deducted.

(B) Sale of (i) a branch under subsection [(h)] (i) of section 36a-145, as amended by this act, two thousand dollars, except there shall be no fee for the sale of a branch of a Connecticut bank to another Connecticut bank or to a Connecticut credit union; and (ii) a limited branch, including a special need limited branch or mobile branch under subsection [(h)] (i) of section 36a-145, as amended by this act, a fee not to exceed one thousand five hundred dollars.

(C) Relocation of [(i)] a main office of a Connecticut bank under subsection (a) of section 36a-81, [two thousand] five hundred dollars. [; and (ii) a branch or a limited branch under subsection (g) of section 36a-145, five hundred dollars.]

(D) Conversions from (i) a branch to a limited branch under subdivision [(1)] (3) of subsection (c) of section 36a-145, as amended by this act; and (ii) a limited branch to a branch under subdivision [(4)] (3) of subsection (b) of section 36a-145, as amended by this act, five hundred dollars.

(E) Merger or consolidation [of] involving a Connecticut bank under section 36a-125 or subsection (a) of section 36a-126, two thousand five hundred dollars if two institutions are involved and five thousand dollars if three or more institutions are involved.

(F) [Purchase] Acquisition of assets or [assumption of liabilities, other than by a Connecticut credit union or federal credit union,] business under section 36a-210, as amended by this act, two thousand five hundred dollars.

376 (G) Organization of a holding company under section 36a-181, two  
377 thousand five hundred dollars.

378 (H) Organization of any Connecticut bank under section 36a-70,  
379 fifteen thousand dollars, except no fee shall be required for the  
380 organization of an interim Connecticut bank.

381 (I) Reorganization of a mutual savings bank or mutual savings and  
382 loan association into a mutual holding company under section 36a-192,  
383 five thousand dollars.

384 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five  
385 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two  
386 thousand five hundred dollars; and (iii) section 36a-139b, as amended  
387 by this act, fifteen thousand dollars.

388 (K) Acquiring, altering or improving real estate for present or future  
389 use in the business of the bank or purchasing real estate adjoining any  
390 parcel of real estate owned by the bank under subdivision (33) of  
391 subsection (a) of section 36a-250, five hundred dollars, except there is  
392 no fee if the application is in connection with an application filed  
393 pursuant to subsection (b) or (c) of section 36a-145, as amended by this  
394 act.

395 (2) The fee for investigating and processing each acquisition  
396 statement filed under section 36a-184 is two thousand five hundred  
397 dollars, except if the acquisition statement is filed in connection with a  
398 transaction that requires one or more applications, a reasonable fee not  
399 to exceed two thousand five hundred dollars.

400 (3) Any fee for processing a notice of closing of a branch, limited  
401 branch or special need limited branch under subdivision (1) of  
402 subsection (f) of section 36a-145, as amended by this act, if charged,  
403 shall not exceed two thousand dollars. There shall be no fee for  
404 processing a notice of closing of any mobile branch.

405 (4) The fee for a miscellaneous [investigations] investigation shall be

406 the actual cost of the investigation, as such cost is determined by the  
407 commissioner.

408 Sec. 4. Section 36a-136 of the general statutes is repealed and the  
409 following is substituted in lieu thereof (*Effective July 1, 2003*):

410 [(a) As used in this section: (1) "Eligible account holder" means any  
411 person holding a qualifying deposit; (2) "deposit account" means a  
412 deposit account, as defined in subdivision (21) of section 36a-2, but  
413 does not include an escrow account established pursuant to section 49-  
414 2a; (3) "qualifying deposit" means a deposit in a deposit account held  
415 on the eligibility record date. The amount of the qualifying deposit of  
416 an eligible account holder shall be the total of the deposit balances in  
417 the eligible account holder's deposit accounts in the converting  
418 institution as of the close of business on the eligibility record date.]

419 [(b)] (a) With the approval of the commissioner, any mutual savings  
420 bank, mutual savings and loan association, federal mutual savings  
421 bank or federal mutual savings and loan association may convert to a  
422 capital stock bank in accordance with the provisions of this section and  
423 the regulations adopted pursuant to subsection [(h)] (f) of this section,  
424 provided this section does not apply to the conversion of a mutual  
425 federal bank to a capital stock federal bank. The commissioner may  
426 deny an application for conversion made pursuant to this section after  
427 allowing the applicant a reasonable opportunity to be heard.

428 [(c)] (b) A conversion of a federal mutual savings bank or federal  
429 mutual savings and loan association to a capital stock Connecticut  
430 bank shall be authorized only if permitted by federal law and shall be  
431 subject to all requirements prescribed by federal law. A conversion of a  
432 mutual savings bank or mutual savings and loan association to a  
433 capital stock federal bank shall be authorized only if permitted by  
434 federal law and shall be subject to all requirements prescribed by  
435 federal law.

436 [(d)] (c) The converting institution shall file with the commissioner a  
437 proposed plan of conversion, a copy of the proposed amended

438 certificate of incorporation and a certificate by the secretary of the  
439 converting institution that the proposed plan of conversion has been  
440 approved, in accordance with subsection [(e)] (d) of this section, by the  
441 governing board and in the case of a converting savings and loan  
442 association, federal savings bank or federal savings and loan  
443 association, the depositors or members thereof.

444 [(e)] (d) The plan of conversion shall require the approval of a  
445 majority of the governing board of the converting institution. In the  
446 case of a converting savings and loan association, the plan of  
447 conversion shall also require the favorable vote of not less than fifty-  
448 one per cent of the votes cast by depositors of such association at a  
449 special meeting called to consider such conversion. In the case of a  
450 federal savings bank or federal savings and loan association, the plan  
451 of conversion shall require any vote of depositors or members  
452 prescribed by federal law.

453 [(f)] (e) In any conversion under this section, each [eligible] account  
454 holder of the converting institution deemed eligible under regulations  
455 adopted pursuant to subsection (f) of this section shall receive, without  
456 payment, nontransferable subscription rights to purchase capital stock  
457 of the converted institution pursuant to a subscription offering, and  
458 such offering shall precede any offering of the converting institution's  
459 stock to the members of the community and of the general public.

460 [(g)] Each converting institution shall, at the time of conversion,  
461 establish a liquidation account for the benefit of [eligible] such account  
462 holders and such liquidation account shall establish a priority upon  
463 liquidation. The [provisions of this subsection] requirement concerning  
464 the establishment of a liquidation account shall not apply to the  
465 formation of a mutual holding company or a reorganized savings  
466 institution of such mutual holding company under sections 36a-192  
467 and 36a-193 or to the issuance of capital stock by such reorganized  
468 savings institution under sections 36a-195 and 36a-196.

469 [(h)] (f) The commissioner shall adopt regulations in accordance

470 with chapter 54 to govern the conversion of mutual institutions to  
471 capital stock institutions. Such regulations shall be similar in scope and  
472 content to the regulations of the Office of Thrift Supervision, 12 CFR  
473 Part 563b, as from time to time amended, for the conversion of mutual  
474 savings institutions into stock savings institutions. The commissioner  
475 may waive any provision of the regulations adopted pursuant to this  
476 section that is inconsistent with the regulations of the Office of Thrift  
477 Supervision or if such waiver is necessary to comply with the  
478 requirements of the Federal Deposit Insurance Corporation or its  
479 successor agency.

480 [(i)] (g) If the commissioner certifies in writing that the protection of  
481 depositors or other creditors of such converting institution requires  
482 that the conversion proceed without delay, the commissioner may  
483 waive any provision of the regulations adopted pursuant to subsection  
484 [(h)] (f) of this section that the commissioner determines will cause  
485 such delay.

486 [(j)] (h) The commissioner [shall] may approve a conversion under  
487 this section only if the commissioner determines that: (1) The  
488 converting institution has complied with all applicable provisions of  
489 law; (2) the conversion would not result in any reduction of the  
490 converting institution's amount of equity capital, less any  
491 subordinated debt recognized as bona fide capital; (3) the conversion  
492 would not result in a taxable reorganization of the converting  
493 institution under the Internal Revenue Code of 1986, or any  
494 subsequent corresponding internal revenue code of the United States,  
495 as from time to time amended; and (4) the plan of conversion is fair to  
496 depositors. The converted institution shall not commence business  
497 unless its insurable accounts and deposits are insured by the Federal  
498 Deposit Insurance Corporation or its successor agency.

499 Sec. 5. Section 36a-145 of the general statutes is repealed and the  
500 following is substituted in lieu thereof (*Effective July 1, 2003*):

501 (a) As used in this section:

(1) "Branch" means any office at a fixed location of a Connecticut bank, other than the main office, at which deposits are received, checks paid and money lent and which, [maintains minimum banking hours from nine o'clock a.m. until three o'clock p.m.,] at a minimum, is open for banking business Monday through Friday.

(2) "Consolidate" means to combine within the same neighborhood, without substantially affecting the nature of the business or customers served, (A) two or more branches into a single branch; (B) one or more branches and one or more limited branches into a single branch or limited branch; (C) two or more limited branches into a single limited branch; or (D) one or more branches or limited branches into a main office.

[(2)] (3) "Limited branch" means any office at a fixed location of a Connecticut bank at which banking business is conducted other than the main office, branch or mobile branch.

[(3)] (4) "Mobile branch" means any office of a Connecticut bank at which banking business is conducted which is in fact moved or transported to one or more predetermined locations in accordance with a predetermined schedule.

[(4)] (5) "Relocate" means to move within the same immediate neighborhood without substantially affecting the nature of the business or customers served.

(b) (1) With the approval of the commissioner, any Connecticut bank may establish a branch in this state.

[(2)] The commissioner shall not approve the establishment of a branch under this subsection unless the commissioner considers whether: (A) Establishment of the branch will result in an oversaturation of depository institutions in the town in which the branch is to be located or in the area surrounding the town; (B) establishment of the branch is consistent with safe and sound banking practices; [in the town or the surrounding area;] (C) the Connecticut



533 bank seeking approval of the branch intends to operate the branch on a  
534 long-term basis; and (D) the Connecticut bank maintains, and will  
535 continue to maintain, a reasonable ratio of loans made in the state to  
536 deposits received from residents of the state. In determining whether  
537 to approve the establishment of a branch under this subsection, the  
538 commissioner shall not consider the existence of any office established  
539 under subsection (d) of section 36a-425 by the Connecticut bank, or by  
540 a holding company of which the Connecticut bank is a subsidiary, that  
541 is situated at or near the location of the branch.

542 [(3)] The commissioner shall not approve the establishment of any  
543 branch under this subsection unless the commissioner makes the  
544 findings required under section 36a-34.

545 (2) For a period of three years following the issuance of its final  
546 certificate of authority pursuant to subsection (l) of section 36a-70, a  
547 Connecticut bank may, with thirty days prior notice to the  
548 commissioner, establish a branch in this state if the proposed branch  
549 was approved as part of the application to organize such bank, unless  
550 the commissioner requires an approval pursuant to subdivision (1) of  
551 this subsection.

552 [(4)] (3) With the approval of the commissioner, any Connecticut  
553 bank may convert a limited branch in this state to a branch. The  
554 commissioner shall not approve a conversion under this subdivision  
555 unless the commissioner considers such factors and makes such  
556 findings under [subdivisions (2) and (3)] subdivision (1) of this  
557 subsection as the commissioner deems applicable.

558 (c) (1) With the approval of the commissioner, any Connecticut bank  
559 may establish in this state a limited branch [, either de novo or  
560 resulting from the conversion of a branch,] that provides limited  
561 services or is open for limited time periods. The commissioner shall  
562 not approve the establishment of a limited branch under this  
563 subdivision unless the commissioner considers such factors and makes  
564 such findings under [subdivisions (2) and (3)] subdivision (1) of

565 subsection (b) of this section as the commissioner deems applicable.  
566 The commissioner shall approve such establishment if the  
567 commissioner determines that: (A) The interest of the neighborhood  
568 where the limited branch is to be located will be served to advantage  
569 by the establishment [or conversion] of the proposed branch, and (B)  
570 the proposed products, services and banking hours are appropriate to  
571 meet the convenience and needs of the neighborhood. [, and (C) in the  
572 case of an establishment resulting from the conversion of a branch to a  
573 limited branch, alternative banking services are available in the  
574 neighborhood so that any reduction in services or hours will not result  
575 in unmet banking needs.]

576 (2) For a period of three years following the issuance of its final  
577 certificate of authority pursuant to subsection (l) of section 36a-70, a  
578 Connecticut bank may, with thirty days prior notice to the  
579 commissioner, establish a limited branch in this state if the proposed  
580 limited branch was approved as part of the application to organize  
581 such bank, unless the commissioner requires an approval pursuant to  
582 subdivision (1) of this subsection.

583 (3) With the approval of the commissioner, any Connecticut bank  
584 may convert a branch in this state to a limited branch. The  
585 commissioner shall not approve a conversion under this subdivision  
586 unless the commissioner considers such factors and makes such  
587 findings under subdivision (1) of subsection (b) of this section as the  
588 commissioner deems applicable, and the commissioner determines  
589 that alternative banking services are available in the neighborhood so  
590 that any reduction in services will not result in unmet banking needs.

591 ~~[(2)]~~ (4) With the approval of the commissioner, any Connecticut  
592 bank may establish in this state a special need limited branch that  
593 provides limited services or is open for limited time periods in order to  
594 meet a special need of the neighborhood in which such limited branch  
595 is to be located. The commissioner shall not approve the establishment  
596 of a special need limited branch under this subdivision unless the  
597 commissioner considers such factors and makes such findings and

598 determinations under subdivision (1) of this subsection as the  
599 commissioner deems necessary.

600     ~~[(3)]~~ (5) A limited branch [or mobile branch] shall be conspicuously  
601 identified as a branch of the Connecticut bank. The commissioner may  
602 condition the approval of such branch with any other requirement that  
603 the commissioner deems necessary or appropriate for the protection of  
604 depositors or the Connecticut bank.

605     (d) (1) With the approval of the commissioner for each  
606 predetermined location, any Connecticut bank may establish in this  
607 state a mobile branch, [that provides full or limited services or is open  
608 for full or limited time periods.] The commissioner shall not approve  
609 the establishment of a mobile branch under this subsection unless the  
610 commissioner makes the considerations, findings and determinations  
611 required under subdivision (1) of subsection (c) of this section,  
612 provided that in the case of a mobile branch established in order to  
613 meet a special need of the neighborhood in which such mobile branch  
614 is to be located, the commissioner shall not approve such  
615 establishment unless the commissioner makes the considerations and  
616 determinations required under subdivision ~~[(2)]~~ (4) of subsection (c) of  
617 this section.

618     (2) A mobile branch shall be conspicuously identified as a branch of  
619 the Connecticut bank. The commissioner may condition approval of  
620 such mobile branch with any other requirement that the commissioner  
621 deems necessary or appropriate for the protection of depositors or the  
622 Connecticut bank.

623     (e) Nothing in this section shall prohibit a Connecticut bank from  
624 establishing or operating a branch, limited branch or mobile branch in  
625 the same or approximately the same location as another depository  
626 institution, or continuing to operate as a branch, limited branch or  
627 mobile branch in this state in the same or approximately the same  
628 location, the business of any other depository institution which has  
629 been acquired by the Connecticut bank.

630 (f) (1) A Connecticut bank which proposes to close any branch or  
631 limited branch shall submit to the commissioner a notice of the  
632 proposed closing not later than the first day of the ninety-day period  
633 ending on the date proposed for that closing. The notice shall include a  
634 detailed statement of the reasons for the decision to close the branch or  
635 limited branch and the statistical and other information in support of  
636 such reasons. After receipt of the notice, the commissioner may require  
637 the Connecticut bank to submit any additional information.

638 (2) The Connecticut bank shall provide notice of the proposed  
639 closing to its customers by:

640 (A) Posting a notice in a conspicuous manner on the premises of the  
641 branch or limited branch proposed to be closed during a period not  
642 less than the thirty-day period ending on the date proposed for that  
643 closing; [.] and

644 (B) Including a notice in at least one of any regular account  
645 statements mailed to customers of the branch or limited branch  
646 proposed to be closed or in a separate mailing, by not later than the  
647 beginning of the ninety-day period ending on the date proposed for  
648 that closing.

649 (3) (A) A Connecticut bank which proposes to close any mobile  
650 branch shall submit to the commissioner a notice of the proposed  
651 closing not later than thirty days prior to the date proposed for such  
652 closing. The notice shall include a detailed statement of the reasons for  
653 the decision to close the mobile branch and the statistical and other  
654 information in support of such reasons. After receipt of the notice, the  
655 commissioner may require the Connecticut bank to submit any  
656 additional information.

657 (B) A Connecticut bank which proposes to close any predetermined  
658 location of a mobile branch shall notify the commissioner prior to the  
659 closing of such location.

660 (g) [With the approval of the commissioner any] Any Connecticut

661 bank may relocate within this state any branch or limited branch  
662 established in this state in accordance with such notice to customers  
663 and other requirements as the commissioner may prescribe, provided  
664 the bank submits written notice to the commissioner not later than  
665 thirty days prior to the date of such relocation.

666 (h) Any Connecticut bank may consolidate within this state any  
667 branch, limited branch or main office established in this state in  
668 accordance with such notice to customers and other requirements as  
669 the commissioner may prescribe, provided the bank submits written  
670 notice to the commissioner not later than thirty days prior to the date  
671 of such consolidation.

672 [(h)] (i) With the approval of the commissioner, a Connecticut bank  
673 may sell a branch, limited branch or mobile branch established in this  
674 state to any bank, Connecticut credit union or federal credit union. The  
675 selling Connecticut bank must have been in existence and  
676 continuously operating for at least five years unless the commissioner  
677 waives this requirement. The commissioner shall not approve such  
678 sale if such acquiring bank or credit union, including all insured  
679 depository institutions which are affiliates of the bank or credit union,  
680 upon consummation of the sale, would control thirty per cent or more  
681 of the total amount of deposits of insured depository institutions in  
682 this state, unless the commissioner permits a greater percentage of  
683 such deposits. Approval under this subsection shall not be required if  
684 approval under section 36a-210, as amended by this act, is required for  
685 such sale.

686 [(i)] (j) With the approval of the commissioner, a Connecticut bank  
687 may establish a branch, limited branch or mobile branch outside of this  
688 state in accordance with applicable law. The commissioner shall not  
689 grant such approval, unless: (1) The commissioner finds, in accordance  
690 with regulations adopted pursuant to chapter 54, that the Connecticut  
691 bank has a record of compliance with the requirements of the  
692 Community Reinvestment Act of 1977, 12 USC 2901 et seq., as from  
693 time to time amended, sections 36a-30 to 36a-33, inclusive, to the extent

694 applicable, and applicable consumer protection laws; (2) the  
695 Connecticut bank is adequately capitalized and the commissioner  
696 determines that it will continue to be adequately capitalized; and (3)  
697 the Connecticut bank is adequately managed and the commissioner  
698 determines that it will continue to be adequately managed. The  
699 commissioner may examine and supervise the out-of-state branches of  
700 any such Connecticut bank and may enter into agreements with other  
701 state or federal banking regulators or similar regulators in a foreign  
702 country concerning such examinations or supervision. Any such  
703 agreement may include provisions concerning the assessment or  
704 sharing of fees for such examination or supervision.

705 [(j) With the approval of the commissioner, any] (k) Any  
706 Connecticut bank may relocate outside of this state any branch or  
707 limited branch established outside of this state in accordance with such  
708 notice to customers and other requirements as the commissioner may  
709 prescribe, provided the bank submits written notice to the  
710 commissioner not later than thirty days prior to the date of such  
711 relocation.

712 (l) Any Connecticut bank may consolidate outside of this state any  
713 branch or limited branch established outside of this state in accordance  
714 with such notice to customers and other requirements as the  
715 commissioner may prescribe, provided the bank submits written  
716 notice to the commissioner not later than thirty days prior to the date  
717 of such consolidation.

718 [(k)] (m) With the approval of the commissioner, a Connecticut bank  
719 may sell a branch, limited branch or mobile branch established outside  
720 of this state. The selling Connecticut bank must have been in existence  
721 and continuously operating for at least five years unless the  
722 commissioner waives this requirement. Approval under this  
723 subsection shall not be required if approval under section 36a-210, as  
724 amended by this act, is required for such sale.

725 Sec. 6. Section 36a-210 of the general statutes is repealed and the

726 following is substituted in lieu thereof (*Effective July 1, 2003*):

727 (a) ~~(1)~~ With the approval of the commissioner, ~~[(1)]~~ a Connecticut  
728 bank ~~[or a Connecticut credit union may sell]~~ may transfer all or a  
729 significant part of its assets ~~[and]~~ or business to a bank. ~~[, and (2) a~~  
730 Connecticut credit union may sell all or a significant part of its assets  
731 and business to a Connecticut credit union or a federal credit union.]  
732 The ~~[selling Connecticut]~~ transferring bank must have been in  
733 existence and continuously operating for at least five years unless the  
734 commissioner waives this requirement. The commissioner shall not  
735 approve such ~~[sale]~~ transfer if the ~~[purchasing institution]~~ acquiring  
736 bank, including all insured depository institutions which are affiliates  
737 of such ~~[institution]~~ bank, upon consummation of the ~~[sale]~~ transfer,  
738 would control thirty per cent or more of the total amount of deposits of  
739 insured depository institutions in this state, unless the commissioner  
740 permits a greater percentage of such deposits. The ~~[selling and~~  
741 ~~purchasing institutions]~~ transferring and acquiring banks shall file  
742 with the commissioner a written agreement approved and executed by  
743 a majority of the governing board of each ~~[institution]~~ bank prescribing  
744 the terms and conditions of the transaction. In the case of a ~~[sale]~~  
745 transfer of all of the assets and business of the ~~[selling institution]~~  
746 transferring bank, the terms of the agreement shall at least provide for  
747 full payment of the amounts due depositors ~~[, share account holders]~~  
748 and creditors of the ~~[selling institution]~~ transferring bank. Payment for  
749 all or part of the assets and business of the ~~[selling institution]~~  
750 transferring bank may be made in cash or by making available on  
751 demand to depositors ~~[, share account holders]~~ and other creditors  
752 thereof funds on deposit with the ~~[purchasing institution]~~ acquiring  
753 bank. Prior to the ~~[sale]~~ transfer of all or substantially all of the assets  
754 and business of ~~[an institution]~~ a Connecticut bank pursuant to this  
755 section, ~~[the selling institution]~~ such bank shall obtain authorization  
756 for the ~~[sale]~~ transfer by the affirmative vote of at least: (A) Two-thirds  
757 of the voting power of the outstanding shares of each class of stock,  
758 whether or not otherwise entitled to vote, in the case of a capital stock  
759 Connecticut bank; (B) two-thirds of the voting power of the ~~[members~~

760 or] depositors, in the case of a mutual savings and loan association; [or  
761 a Connecticut credit union;] and (C) two-thirds of the governing board  
762 and two-thirds of the voting power of the corporators, in the case of  
763 mutual savings bank, which voting power shall, in any event, be no  
764 less than twenty-five corporators.

765 [(b)] In lieu of [the] such vote, [required by subsection (a) of this  
766 section,] the commissioner may certify in writing that the protection of  
767 depositors [, share account holders, members] or creditors of the  
768 [selling institution] transferring bank requires that the [sale] transfer  
769 proceed without delay.

770 (2) The provisions of this subsection shall not apply to the  
771 liquidation of all of the retail deposits of a Connecticut bank pursuant  
772 to subsection (e) of section 36a-139b.

773 [(c)] (3) When a Connecticut bank [or Connecticut credit union has  
774 sold and conveyed] has transferred or arranged to [sell and convey]  
775 transfer all of its assets and business in accordance with this section,  
776 the governing board of [the selling institution] such bank shall, after  
777 receiving the approval of the commissioner as provided in subdivision  
778 (1) of this subsection, [(a),] send a written notice of such [sale] transfer  
779 or proposed [sale] transfer to each of its depositors [, share account  
780 holders] and other known creditors and shall cause a copy of such  
781 notice to be published in a newspaper published in this state and  
782 having a circulation in the town in which the main office of such  
783 institution is located. Such notice shall inform the depositors [, share  
784 account holders] and creditors of [the selling institution of the sale]  
785 such bank of the transfer and of the terms thereof with reference to  
786 payment of depositors [, share account holders] and creditors. Such  
787 notice may provide that creditors other than depositors [and share  
788 account holders] who fail to present their claims to [the selling  
789 institution] such bank within four months of the date of the notice shall  
790 be forever barred, and that creditors whose claims are presented  
791 within the time limited but which are disallowed by [the selling  
792 institution] such bank shall commence an action to enforce their claims



793 within three months of receipt of written notice disallowing their  
794 claims or be forever barred. Depositors [or share account holders] shall  
795 not be required to present claims for deposits [or share accounts] as  
796 shown by the records of [the selling institution] such bank.

797 [(d)] At any time during the liquidation of the affairs of [the selling  
798 institution] such bank, the governing board may have the privileges of  
799 a business corporation in voluntary dissolution as provided by law.

800 [(e)] After the claims of depositors [, share account holders] and  
801 creditors have been fully paid either by transfer to the [purchasing  
802 institution] acquiring bank or in cash, or barred, the liability of the  
803 [selling institution] transferring bank for such claims shall cease.

804 [(f)] Any surplus remaining in the hands of the [selling institution]  
805 transferring Connecticut bank, after it has [sold] transferred all its  
806 assets and business, shall, after payment of the expenses of liquidation,  
807 be distributed to those entitled by law to receive such surplus in the  
808 manner provided in the agreement of [sale] transfer. Thereupon the  
809 governing board shall file a certificate with the commissioner stating  
810 that the affairs of [the institution] such bank have been fully  
811 liquidated. Upon verifying the certificate as to the facts stated therein,  
812 the commissioner shall endorse the certificate "approved" and shall file  
813 a copy in the office of the Secretary of the State. Upon the finding by  
814 the Secretary of the State that the certificate complies with law, the  
815 secretary shall endorse the same "approved" and record the certificate.  
816 Thereupon the corporate existence of [the institution] such bank shall  
817 cease.

818 [(g)] (b) No Connecticut bank may [purchase] acquire all or a  
819 significant part of the assets [and] or business of a federal bank, a  
820 federal credit union or an out-of-state bank [, and no Connecticut  
821 credit union may purchase all or a significant part of the assets and  
822 business of a federal credit union,] without the approval of the  
823 commissioner. Such Connecticut bank [or Connecticut credit union]  
824 shall file with the commissioner an application that includes a copy of

any notice, application and other information filed with any federal or state banking [or credit union] regulator in connection with such [purchase] acquisition and such additional information as may be required by the commissioner. The commissioner shall not approve such [purchase] acquisition if: (1) It involves the acquisition of a federal bank or out-of-state bank that has not been in existence and continuously operating for at least five years, unless the commissioner waives this requirement; or (2) the [purchasing institution] acquiring bank, including all insured depository institutions which are affiliates of such institution, upon consummation of the purchase, would control thirty per cent or more of the total amount of deposits of insured depository institutions in this state, unless the commissioner permits a greater percentage of such deposits.

[(h)] (c) No bank or out-of-state bank may [purchase or otherwise] acquire all or a significant part of the assets [and] or business of a Connecticut bank or Connecticut credit union from the receiver of such bank or credit union without the approval of the commissioner.

Sec. 7. Section 36a-412 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(a) (1) Any out-of-state bank, whether or not owned or controlled by an out-of-state holding company, may, with the approval of the commissioner, merge or consolidate with or acquire a branch or significant part of the assets or ten per cent or more of the stock of a bank provided such bank has been in existence and continuously operating for at least five years, unless the commissioner waives this requirement, where the institution resulting from any such merger or consolidation is an out-of-state bank, provided the laws of the home state of such out-of-state bank authorize, under conditions no more restrictive than those imposed by the laws of this state as determined by the commissioner, a bank to merge or consolidate with or purchase a branch or significant part of the assets or ten per cent or more of the stock of an out-of-state bank whose home state is such state. Such merger, consolidation or acquisition shall not take place if the out-of-

858 state bank, including all insured depository institutions which are  
859 affiliates of the out-of-state bank, upon consummation of the merger,  
860 consolidation or acquisition, would control thirty per cent or more of  
861 the total amount of deposits of insured depository institutions in this  
862 state, unless the commissioner permits a greater percentage of such  
863 deposits. Any such merger, consolidation or acquisition of assets or  
864 stock shall be effected in accordance with and subject to the filing  
865 requirements and any limitations imposed by the laws of this state  
866 with respect to mergers, consolidations and acquisitions between  
867 banks. Any such out-of-state bank that engages in business in this state  
868 shall comply with the requirements of section 33-920 or subsection (a)  
869 of section 33-1210. Before approving any such merger, consolidation or  
870 acquisition, the commissioner shall make such considerations,  
871 determinations and findings as required by the laws of this state with  
872 respect to mergers, consolidations and acquisitions between banks  
873 and, in addition, shall consider whether such merger, consolidation or  
874 acquisition can reasonably be expected to produce benefits to the  
875 public and whether such benefits clearly outweigh possible adverse  
876 effects, including, but not limited to, an undue concentration of  
877 resources and decreased or unfair competition. The commissioner shall  
878 not approve such merger, consolidation or acquisition unless the  
879 commissioner considers whether: (A) The investment and lending  
880 policies of the out-of-state bank, in the case of a merger or acquisition  
881 of assets, or the proposed investment and lending policies of the bank,  
882 in the case of an acquisition of stock, or of the institution that will  
883 result from a consolidation, are consistent with safe and sound  
884 banking practices and will benefit the economy of this state; (B) the  
885 services of the bank or branch to be acquired, or of the institution that  
886 will result from a merger, or the proposed services of the institution  
887 that will result from a consolidation, are consistent with safe and  
888 sound banking practices and will benefit the economy of this state; (C)  
889 the merger, consolidation or acquisition will not substantially lessen  
890 competition in the banking industry of this state; (D) in the case of a  
891 merger or consolidation or the acquisition of twenty-five per cent or  
892 more of such stock, the out-of-state bank (i) has sufficient capital to

893 ensure, and agrees to ensure, that the bank to be acquired or the  
894 institution that will result from the merger or consolidation will  
895 comply with applicable minimum capital requirements, and (ii) has  
896 sufficient managerial resources to operate the bank to be acquired or  
897 the institution that will result from the merger or consolidation in a  
898 safe and sound manner; and (E) the out-of-state bank is in compliance  
899 with applicable minimum capital requirements. The commissioner  
900 shall not approve such merger, consolidation or acquisition unless the  
901 commissioner makes the findings required by section 36a-34. Any out-  
902 of-state bank that merges or consolidates with or acquires a branch  
903 pursuant to this subdivision may establish additional branches in this  
904 state in accordance with section 36a-145, as amended by this act.

905 (2) Any out-of-state bank, other than a foreign bank, may, with the  
906 approval of the commissioner, and in accordance with the provisions  
907 of this subdivision, establish a de novo branch in this state. Such  
908 establishment shall not take place unless the laws of the home state of  
909 such out-of-state bank authorize, under conditions no more restrictive  
910 than those imposed by the laws of this state, as determined by the  
911 commissioner, a bank to establish a de novo branch in the home state  
912 of such out-of-state bank, provided the commissioner may waive such  
913 reciprocity requirement for the establishment of a de novo branch the  
914 activities of which are limited to the exercise of fiduciary or trust  
915 powers if the commissioner finds that such establishment will result in  
916 net new benefits to this state. Any request for such waiver of  
917 reciprocity submitted by an out-of-state bank shall include a detailed  
918 statement of the reasons for the request and statistical and other  
919 information to support a finding of such net new benefits. Any such  
920 establishment shall be effected in accordance with and subject to the  
921 filing requirements and any limitations imposed by section 36a-145, as  
922 amended by this act. Any such out-of-state bank that engages in  
923 business in this state shall comply with the requirements of section  
924 33-920 or subsection (a) of section 33-1210. Before approving any such  
925 establishment, the commissioner shall make such considerations,  
926 determinations and findings as required by section 36a-145, as

927 amended by this act, and, in addition, shall consider whether such  
928 establishment can reasonably be expected to produce benefits to the  
929 public and whether such benefits clearly outweigh possible adverse  
930 effects, including, but not limited to, an undue concentration of  
931 resources and decreased or unfair competition. The commissioner shall  
932 not approve such establishment unless the commissioner considers  
933 whether: (A) The investment and lending policies of the out-of-state  
934 bank are consistent with safe and sound banking practices and will  
935 benefit the economy of this state; (B) the proposed services of the  
936 branch are consistent with safe and sound banking practices and will  
937 benefit the economy of this state; (C) the establishment will not  
938 substantially lessen competition in this state; (D) the out-of-state bank  
939 is adequately managed and will continue to be adequately managed  
940 upon establishment of such branch; and (E) the out-of-state bank is in  
941 compliance with applicable minimum capital requirements. The  
942 commissioner shall not approve such establishment unless the  
943 commissioner makes the findings required by section 36a-34. An  
944 out-of-state bank which has established a de novo branch in this state  
945 in accordance with this subdivision may establish additional branches  
946 in this state in accordance with section 36a-145, as amended by this act,  
947 provided the activities of such additional branches of an out-of-state  
948 bank for which the commissioner waived such reciprocity requirement  
949 shall be limited to the exercise of fiduciary or trust powers. As used in  
950 this subdivision, "net new benefits" means (i) initial capital  
951 investments, including any new construction, (ii) job creation plans,  
952 including, but not limited to, the number of jobs to be created and the  
953 average wage rates for each category of such jobs, (iii) the potential for  
954 increasing state and municipal tax revenues from increased economic  
955 activity and increased employment, (iv) consumer and business  
956 services and other benefits to the state, local community and citizens,  
957 and (v) such other matters as the commissioner may deem necessary or  
958 advisable.

959 (3) Any out-of-state bank, regardless of whether it has a branch in  
960 this state, may merge or consolidate with or acquire a branch in this

961 state of an out-of-state bank that has a branch in this state.

962 (4) (A) Except as provided in this section, the laws of this state shall  
963 apply to any branch in this state of an out-of-state bank to the same  
964 extent as such laws would apply if the branch were a federal bank,  
965 provided the following laws shall apply to any branch in this state of  
966 an out-of-state bank to the same extent as such laws apply to a branch  
967 of a Connecticut bank: (i) Community reinvestment laws including  
968 sections 36a-30 to 36a-33, inclusive, (ii) consumer protection laws  
969 including sections 36a-41 to 36a-45, inclusive, 36a-290 to 36a-304,  
970 inclusive, 36a-306, 36a-307, 36a-315 to 36a-323, inclusive, 36a-645 to  
971 36a-647, inclusive, 36a-690, 36a-695 to 36a-700, inclusive, 36a-705 to  
972 36a-707, inclusive, 36a-715 to 36a-718, inclusive, 36a-725, 36a-726, 36a-  
973 755 to 36a-759, inclusive, 36a-770 to 36a-788, inclusive, and 36a-800 to  
974 36a-810, inclusive, (iii) fair lending laws including sections 36a-16, 36a-  
975 737, 36a-740 and 36a-741, and (iv) branching laws including sections  
976 36a-23 and 36a-145, as amended by this act.

977 (B) Except as provided in this section, an out-of-state bank, other  
978 than a federally-chartered out-of-state bank, that establishes a branch  
979 in this state may conduct any activity at such branch (i) if such activity  
980 is permissible under the laws of the home state of such out-of-state  
981 bank, and (ii) to the same extent as such activity is permissible for  
982 either a Connecticut bank or a branch in this state of a federally-  
983 chartered out-of-state bank. If the commissioner determines that a  
984 branch in this state of an out-of-state bank, other than a federally-  
985 chartered out-of-state bank, is being operated in violation of any  
986 applicable law of this state or in an unsafe and unsound manner, the  
987 commissioner may take any enforcement action authorized under this  
988 title against such out-of-state bank to the same extent as if such branch  
989 were a Connecticut bank, provided the commissioner shall promptly  
990 give notice of such action to the home state banking regulator of such  
991 out-of-state bank and, to the extent practicable, shall consult and  
992 cooperate with such regulator in pursuing and resolving such action.

993 (5) Any out-of-state bank that merges or consolidates with or

994 acquires the assets of a bank or establishes in this state a de novo  
995 branch shall be subject to the supervision and examination of the  
996 commissioner pursuant to regulations adopted by the commissioner in  
997 accordance with chapter 54 and shall make reports to the  
998 commissioner as required by the laws of this state. The commissioner  
999 may examine and supervise the Connecticut branches of any such out-  
1000 of-state bank and may enter into agreements with other state or federal  
1001 banking regulators or similar regulators in a foreign country  
1002 concerning such examinations or supervision. [The] Any such  
1003 agreement may include provisions concerning the assessment or  
1004 sharing of fees for such examination or supervision. Unless waived by  
1005 the commissioner, the provisions of this section shall apply to the  
1006 acquisition of the assets of any bank from the receiver of such bank by  
1007 any out-of-state bank.

1008 (b) A bank may merge or consolidate with an out-of-state bank  
1009 where the resulting institution is a bank, or acquire a branch or a  
1010 significant part of the assets or ten per cent or more of the stock of an  
1011 out-of-state bank, in accordance with applicable law. Any such merger,  
1012 consolidation or acquisition of assets or stock shall be effected in  
1013 accordance with and subject to the limitations imposed by the laws of  
1014 this state with respect to mergers, consolidations and acquisitions  
1015 between banks. Any such bank may continue to operate as a branch  
1016 the business of the out-of-state bank with which it has merged or  
1017 consolidated or the assets of which it has acquired to the extent of the  
1018 powers otherwise possessed by such bank. The commissioner may  
1019 examine and supervise the out-of-state branches of any such  
1020 Connecticut bank, and may enter into agreements with other state or  
1021 federal banking regulators or similar regulators in a foreign country  
1022 concerning such examinations or supervision. Any such agreement  
1023 may include provisions concerning the assessment or sharing of fees  
1024 for such examination or supervision.

1025 (c) Any acquisition by a Connecticut bank of ten per cent or more of  
1026 the stock of another bank or an out-of-state bank pursuant to the  
1027 authority of subsection (b) of this section is not subject to any

1028 provisions of this title limiting the ownership of stock in such  
1029 institutions.

1030 Sec. 8. Section 36a-296 of the general statutes is repealed and the  
1031 following is substituted in lieu thereof (*Effective July 1, 2003*):

1032 (a) (1) No bank, Connecticut credit union, or federal credit union  
1033 shall establish any deposit or share account in which deposits or shares  
1034 are to be held by one natural person in trust for another natural person  
1035 unless the depositor or share account holder provides the bank,  
1036 Connecticut credit union, or federal credit union with the name and a  
1037 residential address for the beneficiary, upon establishing the deposit or  
1038 share account or thereafter at the request of the bank, Connecticut  
1039 credit union, or federal credit union. The depositor or share account  
1040 holder may also provide the bank, Connecticut credit union, or federal  
1041 credit union with a writing signed by the depositor or share account  
1042 holder specifying the terms of the trust under which such deposit or  
1043 share account is to be held. Unless such writing specifies to the  
1044 contrary, it shall be conclusively presumed that the depositor or share  
1045 account holder intends to create a trust of all funds credited to the  
1046 deposit or share account from time to time upon the following terms:  
1047 (A) The depositor or share account holder during the depositor's or  
1048 share account holder's life may withdraw, or authorize charges  
1049 against, such funds; (B) if the depositor or share account holder  
1050 survives the named beneficiary, the named beneficiary's death shall  
1051 terminate the trust and title to the deposit or share account shall  
1052 thereupon vest in the depositor or share account holder free and clear  
1053 of the trust; (C) if the named beneficiary survives the depositor or  
1054 share account holder, the depositor's or share account holder's death  
1055 shall terminate the trust and title to the deposit account or share  
1056 account, subject to any membership restrictions for Connecticut credit  
1057 unions or federal credit unions, shall thereupon vest in the named  
1058 beneficiary free and clear of the trust. (2) Any bank, Connecticut credit  
1059 union, or federal credit union shall be fully protected in making  
1060 payment of any moneys credited to such deposit or share account in  
1061 accordance with the terms of such signed writing or, in the event such



1062 writing does not specify to the contrary, in accordance with the  
1063 presumptions contained in this subsection that are applicable, and the  
1064 title of any person to any moneys credited to such deposit or share  
1065 account and the effect of such signed writing with respect to the  
1066 deposit or share account or, in the event such writing does not specify  
1067 to the contrary, the effect of the presumptions contained in this  
1068 subsection shall not be denied, abridged or in any way affected  
1069 because such signed writing was not executed in accordance with, or  
1070 otherwise fails to comply with, the laws of this state prescribing the  
1071 requirements to effect a valid testamentary disposition of property or  
1072 because of any absence of delivery or compliance with other  
1073 requirements to effect a valid gift or transfer in trust. (3) The  
1074 provisions of this subsection do not apply to deposit or share accounts  
1075 accompanied by a writing of the type described in subsection (b) of  
1076 this section or to any deposit or share account opened primarily for  
1077 business or professional purposes, including, but not limited to,  
1078 escrow accounts, trust accounts and clients' funds accounts.

1079 (b) In the case of a deposit or share account established or  
1080 maintained with a bank, Connecticut credit union, or federal credit  
1081 union by a trustee under a will or trust agreement or under the terms  
1082 of some other written document, or by a trustee pursuant to statute or  
1083 order of a court, the trustee shall provide the bank, Connecticut credit  
1084 union, or federal credit union with a writing identifying such will,  
1085 agreement, other written document, statute or order; and any moneys  
1086 credited to a deposit or share account with respect to which the trustee  
1087 has filed such a writing shall be paid only to or upon the order of such  
1088 trustee or of the successor trustee. If the trustee is serving in such  
1089 capacity under a will, trust agreement or other written document, a  
1090 certified copy of such document shall be filed by the depositor or share  
1091 account holder if at any time requested by the bank, Connecticut credit  
1092 union, or federal credit union but such bank, Connecticut credit union,  
1093 or federal credit union shall not be charged with notice, actual or  
1094 constructive, of the contents of such will, trust agreement, or other  
1095 written document. Such bank, Connecticut credit union, or federal

1096 credit union shall be fully protected in paying over any moneys  
1097 credited to such deposit or share account to or upon the order of the  
1098 trustee establishing or maintaining the deposit or share account or the  
1099 successor trustee and shall be under no duty to inquire into the  
1100 application of funds so paid.

1101 (c) (1) Subsection (a) of this section applies to all deposit accounts  
1102 governed by its provisions established (A) on or after June 13, 1963,  
1103 and (B) prior to that date if the depositor when establishing such  
1104 deposit account or at any time thereafter provides a writing meeting  
1105 the requirements of subsection (a) of this section. Subsection (b) of this  
1106 section applies to all deposit accounts governed by its provisions  
1107 whether such deposit accounts were established prior to June 13, 1963,  
1108 or are established on or after that date.

1109 (2) Subsection (a) of this section applies to all share accounts  
1110 governed by its provisions which are established at Connecticut credit  
1111 unions and federal credit unions (A) on or after October 1, 2001, and  
1112 (B) prior to that date if the [depositor] share account holder when  
1113 establishing such share account or at any time thereafter provides a  
1114 writing meeting the requirements of subsection (a) of this section.  
1115 Subsection (b) of this section applies to all share accounts governed by  
1116 its provisions whether such share accounts were established prior to  
1117 October 1, 2001, or are established on or after that date.

1118 Sec. 9. Subsection (a) of section 36a-333 of the general statutes is  
1119 repealed and the following is substituted in lieu thereof (*Effective July*  
1120 *1, 2003*):

1121 (a) To secure public deposits, each qualified public depository shall  
1122 at all times maintain, segregated from its other assets as provided in  
1123 subsection (b) of this section, eligible collateral in an amount at least  
1124 equal to the following percentage of public deposits held by the  
1125 depository: (1) For any qualified public depository having a risk-based  
1126 capital ratio of ten per cent or greater, a sum equal to ten per cent of all  
1127 public deposits held by the depository; (2) for any qualified public

1128 depository having a risk-based capital ratio of less than ten per cent  
1129 but greater than or equal to eight per cent, a sum equal to twenty-five  
1130 per cent of all public deposits held by the depository; (3) for any  
1131 qualified public depository having a risk-based capital ratio of less  
1132 than eight per cent but greater than or equal to three per cent, a sum  
1133 equal to one hundred per cent of all public deposits held by the  
1134 depository; [and] (4) for any qualified public depository having a risk-  
1135 based capital ratio of less than three per cent, and, notwithstanding the  
1136 provisions of subdivisions (1) to (3), inclusive, of this subsection, for  
1137 any qualified public depository which has been conducting business in  
1138 this state for a period of less than two years except for a qualified  
1139 public depository that is a successor institution to a qualified public  
1140 depository which conducted business in this state for two years or  
1141 more, a sum equal to one hundred and twenty per cent of all public  
1142 deposits held by the depository; provided, the qualified public  
1143 depository and the public depositor may agree on an amount of  
1144 eligible collateral to be maintained by the depository that is greater  
1145 than the minimum amounts required under subdivisions (1) to (4),  
1146 inclusive, of this subsection; (5) notwithstanding the risk-based capital  
1147 ratio provisions of subdivisions (1) to (3), inclusive, of this subsection,  
1148 for any qualified public depository that is an uninsured bank, as  
1149 defined in subdivision (1) of subsection (t) of section 36a-70, a sum  
1150 equal to one hundred twenty per cent of all public deposits held by the  
1151 depository; and (6) notwithstanding the risk-based capital ratio  
1152 provisions of subdivisions (1) to (3), inclusive, of this subsection, for  
1153 any qualified public depository that is subject to an order to cease and  
1154 desist, or has entered into a stipulation and agreement, or a letter of  
1155 understanding and agreement with a bank or credit union supervisor,  
1156 a sum equal to one hundred twenty per cent of all public deposits held  
1157 by the depository, provided, the qualified public depository and the  
1158 public depositor may agree on an amount of eligible collateral to be  
1159 maintained by the depository that is greater than the minimum  
1160 amounts required under subdivisions (1) to (6), inclusive, of this  
1161 subsection. For purposes of this subsection, the amount of all public  
1162 deposits held by the depository shall be determined based on either

1163 the public deposits reported on the most recent quarterly call report or  
1164 the average of the public deposits reported on the four most recent  
1165 quarterly call reports, whichever amount is greater. For purposes of  
1166 this subsection, the depository's risk-based capital ratio shall be  
1167 determined, in accordance with applicable federal regulations and  
1168 regulations adopted by the commissioner in accordance with chapter  
1169 54, based on the most recent quarterly call report, provided (A) if,  
1170 during any calendar quarter after the issuance of such report, the  
1171 depository experiences a decline in its risk-based capital ratio to a level  
1172 that would require the depository to maintain a higher amount of  
1173 eligible collateral under subdivisions (1) to (4), inclusive, of this  
1174 subsection, the depository shall increase the amount of eligible  
1175 collateral maintained by it to the minimum required under  
1176 subdivisions (1) to (4), inclusive, of this subsection based on such lower  
1177 risk-based capital ratio and shall notify the commissioner of its actions;  
1178 and (B) if, during any calendar quarter after the issuance of such  
1179 report, the commissioner reasonably determines that the depository's  
1180 risk-based capital ratio is likely to decline to a level that would require  
1181 the depository to maintain a higher amount of eligible collateral under  
1182 subdivisions (1) to (4), inclusive, of this subsection, the commissioner  
1183 may require that the depository increase the amount of eligible  
1184 collateral maintained by it to the minimum required under  
1185 subdivisions (1) to (4), inclusive, of this subsection based on the  
1186 commissioner's determination of such lower risk-based capital ratio.

1187 Sec. 10. Subsection (b) of section 36a-139b of the general statutes is  
1188 repealed and the following is substituted in lieu thereof (*Effective July*  
1189 *1, 2003*):

1190 (b) The converting bank shall file with the commissioner a proposed  
1191 plan of conversion, a copy of the proposed amended certificate of  
1192 incorporation and a certificate by the secretary of the converting bank  
1193 that the proposed plan of conversion and proposed certificate of  
1194 incorporation have been approved in accordance with subsection (c) of  
1195 this section.

1196 Sec. 11. Section 36a-435b of the general statutes is repealed and the  
1197 following is substituted in lieu thereof (*Effective July 1, 2003*):

1198 As used in sections 36a-435a to 36a-472a, inclusive, unless the  
1199 context otherwise requires:

1200 (1) "Branch" means any office of a Connecticut credit union at a  
1201 fixed location, other than the main office, at which shares or deposits  
1202 are received, share drafts or checks are paid, or money is lent;

1203 (2) "Capital" means undivided earnings, regular reserves, other  
1204 special purpose reserves, donated equity, and accumulated, unrealized  
1205 gains or losses on securities in accordance with generally accepted  
1206 accounting principles;

1207 (3) "Certificate of incorporation" means the certificate of  
1208 incorporation of a Connecticut credit union and includes in the case of  
1209 Connecticut credit unions in existence on July 1, 1975, articles of  
1210 association, articles of incorporation and certificates of organization;

1211 (4) "Corporate", when used in conjunction with any institution that  
1212 is a Connecticut credit union, federal credit union or out-of-state credit  
1213 union, means a corporate credit union, as defined in 12 CFR 704.2, as  
1214 from time to time amended;

1215 (5) "Credit manager" means a natural person approved by the  
1216 governing board of a Connecticut credit union and employed by such  
1217 credit union to supervise its lending activities;

1218 (6) "Credit union service organization services" means those services  
1219 that are authorized for credit union service organizations under state  
1220 or federal law, and that are closely related to credit union business, are  
1221 convenient and useful to credit union business, are reasonably related  
1222 to the operations of a credit union or are financial in nature;

1223 (7) "Director" means a member of the governing board, a director  
1224 emeritus or an advisory director of a Connecticut credit union;

1225 (8) "Federal Credit Union Act" means 12 USC Section 1751 et seq., as  
1226 from time to time amended;

1227 (9) "Financial institution" means any Connecticut credit union, bank,  
1228 federal credit union, out-of-state bank or out-of-state credit union;

1229 (10) "Immediate family member" means any person related by  
1230 blood, adoption or marriage to a person within the field of  
1231 membership of the Connecticut credit union;

1232 (11) "Member" means any person who has been admitted to  
1233 membership in the Connecticut credit union in accordance with this  
1234 chapter;

1235 (12) "Member in good standing" means a member who (A) owns at  
1236 least one membership share in a credit union, (B) is current on all  
1237 credit obligations to the credit union, and (C) has not caused the credit  
1238 union a credit or share loss that remains outstanding;

1239 (13) "Membership share" means a share equal to the stated par value  
1240 of the Connecticut credit union which may not be withdrawn or  
1241 transferred except upon termination of membership and which confers  
1242 membership and voting rights on the member;

1243 (14) "Mobile branch" means any office of a Connecticut credit union  
1244 at which credit union business is conducted, which is in fact moved or  
1245 transported to one or more predetermined locations in accordance  
1246 with a predetermined schedule;

1247 [(14)] (15) "Multiple common bond membership" means a field of  
1248 membership consisting of more than one group of individuals, each of  
1249 which has, within the group, a common bond of occupation or  
1250 association;

1251 [(15)] (16) "Officer" means the chairperson, vice chairperson,  
1252 secretary and treasurer of the governing board of a Connecticut credit  
1253 union;

1254        [(16)] (17) "Senior management" means the president or chief  
1255 executive officer, vice president or vice chief executive officer, chief  
1256 financial officer, credit manager, and any person occupying a similar  
1257 status or performing a similar function;

1258        [(17)] (18) "Share" means the basic unit of moneys held by a member  
1259 of a Connecticut credit union in share accounts at a Connecticut credit  
1260 union on which a dividend may be paid;

1261        [(18)] (19) "Single common bond membership" means a field of  
1262 membership consisting of one group that has a common bond of  
1263 occupation or association.

1264        Sec. 12. Section 36a-455a of the general statutes is repealed and the  
1265 following is substituted in lieu thereof (*Effective July 1, 2003*):

1266        A Connecticut credit union may:

1267        (1) Transact a general credit union business and exercise by its  
1268 governing board or duly authorized members of senior management,  
1269 subject to applicable law, all such incidental powers as are consistent  
1270 with its purposes. The express powers authorized for a Connecticut  
1271 credit union under this section do not preclude the existence of  
1272 additional powers deemed to be incidental to the transaction of a  
1273 general credit union business pursuant to this subdivision;

1274        (2) (A) Issue shares to its members and receive payments on shares  
1275 from its members and from those nonmembers specified in subsection  
1276 (e) of section 36a-456a, subject to the provisions of sections 36a-290 to  
1277 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and section 36a-456a,  
1278 (B) receive deposits of members and nonmembers subject to provisions  
1279 of sections 36a-456a and 36a-456b, (C) reduce the amount of its  
1280 member and nonmember shares and deposits, and (D) expel members  
1281 and cancel shares in accordance with section 36a-439a;

1282        (3) Make and use its best efforts to make secured and unsecured  
1283 extensions of credit to its members in accordance with section 36a-265

1284 and sections 36a-457a, 36a-457b and 36a-458a;

1285 (4) Invest its funds in accordance with section 36a-459a;

1286 (5) Declare and pay dividends in accordance with sections 36a-441a  
1287 and 36a-456c, and pay interest refunds to borrowers;

1288 (6) Act as a finder or agent for the sale of insurance and fixed and  
1289 variable rate annuities directly, sell insurance and such annuities  
1290 indirectly through a Connecticut credit union service organization, or  
1291 enter into arrangements with third-party marketing organizations for  
1292 the sale by such third-party marketing organizations of insurance or  
1293 such annuities on the premises of the Connecticut credit union or to  
1294 members of the Connecticut credit union, provided: (A) Such  
1295 insurance and annuities are issued or purchased by or from an  
1296 insurance company licensed in accordance with section 38a-41; and (B)  
1297 the Connecticut credit union, Connecticut credit union service  
1298 organization or third-party marketing organization, and any officer  
1299 and employee thereof, shall be licensed as required by section 38a-769  
1300 before engaging in any of the activities authorized by this subdivision.  
1301 As used in this subdivision, "annuities" and "insurance" have the same  
1302 meanings as set forth in section 38a-41, except that "insurance" does  
1303 not include title insurance. The provisions of this subdivision do not  
1304 authorize a Connecticut credit union or Connecticut credit union  
1305 service organization to underwrite insurance or annuities;

1306 (7) Borrow money to an amount not exceeding fifty per cent of the  
1307 total assets of the Connecticut credit union provided the credit union  
1308 shall give prior notice to the Commissioner of Banking in writing of its  
1309 intention to borrow amounts in excess of thirty-five per cent of its total  
1310 assets;

1311 (8) Act as fiscal agent for the federal government, this state or any  
1312 agency or political subdivision thereof;

1313 (9) Provide loan processing, loan servicing, member check and  
1314 money order cashing services, disbursement of share withdrawals and



1315 loan proceeds, money orders, internal audits, automated teller  
1316 machine services and other similar services to other Connecticut credit  
1317 unions, federal credit unions and out-of-state credit unions;

1318 (10) Provide finder services to its members, including the offering of  
1319 third party products and services through the sale of advertising space  
1320 on its web site, account statements and receipts, and the sale of  
1321 statistical or consumer financial information to outside vendors in  
1322 accordance with sections 36a-40 to 36a-45, inclusive, in order to  
1323 facilitate the sale of such products to the members of such Connecticut  
1324 credit union;

1325 (11) With the prior approval of the Commissioner of Banking,  
1326 exercise fiduciary powers;

1327 (12) Maintain and rent safe deposit boxes within suitably  
1328 constructed vaults, provided the Connecticut credit union has  
1329 adequate insurance coverage for losses related to such rental;

1330 (13) Provide certification services, including notary services,  
1331 signature guaranties, certification of electronic signatures and share  
1332 draft certifications;

1333 (14) Act as agent (A) in the collection of taxes for any qualified  
1334 treasurer of any taxing district or qualified collector of taxes, or (B) for  
1335 any electric, electric distribution, gas, water or telephone company  
1336 operating within this state in receiving moneys due such company for  
1337 utility services furnished by it;

1338 (15) Issue and sell securities which (A) are guaranteed by the  
1339 Federal National Mortgage Association or any other agency or  
1340 instrumentality authorized by state or federal law to create a  
1341 secondary market with respect to extensions of credit of the type  
1342 originated by the Connecticut credit union, or (B) subject to the  
1343 approval of the Commissioner of Banking, relate to extensions of credit  
1344 originated by the Connecticut credit union and are guaranteed or  
1345 insured by a financial guaranty insurance company or comparable

1346 private entity;

1347 (16) Establish a charitable fund, either in the form of a charitable  
1348 trust or a nonprofit corporation to assist in making charitable  
1349 contributions, provided (A) the trust or nonprofit corporation is  
1350 exempt from federal income taxation and may accept charitable  
1351 contributions under Section 501 of the Internal Revenue Code of 1986,  
1352 or any subsequent corresponding internal revenue code of the United  
1353 States, as from time to time amended, (B) the trust or nonprofit  
1354 corporation's operations are disclosed fully to the Commissioner of  
1355 Banking upon request, and (C) the trust department of the credit union  
1356 or one or more directors or members of senior management of the  
1357 credit union act as trustees or directors of the fund;

1358 (17) In the discretion of a majority of its governing board, make  
1359 contributions or gifts to or for the use of any corporation, trust or  
1360 community chest, fund or foundation created or organized under the  
1361 laws of the United States or of this state and organized and operated  
1362 exclusively for charitable, educational or public welfare purposes, or of  
1363 any hospital which is located in this state and which is exempt from  
1364 federal income taxes and to which contributions are deductible under  
1365 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent  
1366 corresponding internal revenue code of the United States, as from time  
1367 to time amended;

1368 (18) [Sell] Subject to the provisions of section 36a-455b, as amended  
1369 by this act, sell, pledge or assign any or all of its outstanding  
1370 extensions of credit to any other lending institution, credit union  
1371 service organization or quasi-governmental entity and any  
1372 government-sponsored enterprise, and act as collecting, remitting and  
1373 servicing agent in connection with any such extension of credit and  
1374 charge for its acts as agent. Any such credit union may purchase the  
1375 minimum amount of capital stock of such entity or enterprise if  
1376 required by that entity or enterprise to be purchased in connection  
1377 with the sale, pledge or assignment of extensions of credit to that entity  
1378 or enterprise and may hold and dispose of such stock, provided that

1379 with respect to purchases of stock of a credit union service  
1380 organization, the Connecticut credit union shall not exceed the  
1381 limitations of section 36a-459a. A Connecticut credit union may  
1382 purchase one or more outstanding extensions of credit from any other  
1383 lending institution and any federally-recognized Native American  
1384 tribe, provided there exists a formal written agreement with tribal  
1385 government to permit the credit union to service and collect on such  
1386 extensions of credit;

1387 (19) [Sell] Subject to the provisions of sections 36a-455b, as amended  
1388 by this act, sell a participating interest in any or all of its outstanding  
1389 extensions of credit to and purchase a participating interest in any or  
1390 all of the outstanding extensions of credit of any financial institution or  
1391 credit union service organization pursuant to an appropriate written  
1392 participation and servicing agreement to be signed by all parties  
1393 involved in such transaction;

1394 (20) With the approval of the Commissioner of Banking, join the  
1395 Federal Home Loan Bank System and borrow funds as provided under  
1396 federal law;

1397 (21) [Sell] Subject to the provisions of section 36a-455b, as amended  
1398 by this act, sell all or part of its assets, other than extensions of credit,  
1399 to other lending institutions, purchase all or part of the assets, other  
1400 than extensions of credit, of other lending institutions, and assume all  
1401 or part of the shares and the liabilities of any other credit union or out-  
1402 of-state credit union;

1403 (22) With the prior written approval of the Commissioner of  
1404 Banking, engage in closely related activities, unless the Commissioner  
1405 of Banking determines that any such activity shall be conducted by a  
1406 credit union service organization of the Connecticut credit union,  
1407 utilizing such organizational, structural or other safeguards as the  
1408 Commissioner of Banking may require, in order to protect the  
1409 Connecticut credit union from exposure to loss. As used in this  
1410 subdivision, "closely related activities" means those activities that are

1411 closely related, convenient and necessary to the business of a  
1412 Connecticut credit union, are reasonably related to the operation of a  
1413 Connecticut credit union or are financial in nature including, but not  
1414 limited to, business and professional services, data processing, courier  
1415 and messenger services, credit-related activities, consumer services,  
1416 services related to real estate, financial consulting, tax planning and  
1417 preparation, community development activities, or any activities  
1418 reasonably related to such activities;

1419 (23) With the approval of the Commissioner of Banking, engage in  
1420 any activity that a federal credit union or out-of-state credit union may  
1421 be authorized to engage in under state or federal law. The application  
1422 for such approval shall be in writing and shall include a description of  
1423 the activity, a description of the financial impact of the activity on the  
1424 Connecticut credit union, citation of the legal authority to engage in  
1425 the activity under state or federal law, a description of any limitations  
1426 or restrictions imposed on such activity under state or federal law, and  
1427 any other information that the Commissioner of Banking may require.  
1428 The Commissioner of Banking shall approve or disapprove such  
1429 activity not later than thirty days after the application filed is complete.  
1430 The Commissioner of Banking may impose any limitations or  
1431 conditions to ensure that any such activity is conducted in a safe and  
1432 sound manner with adequate consumer protections. The provisions of  
1433 this subdivision do not authorize a Connecticut credit union or a  
1434 Connecticut credit union service organization to sell title insurance.

1435 Sec. 13. Section 36a-455b of the general statutes is repealed and the  
1436 following is substituted in lieu thereof (*Effective July 1, 2003*):

1437 (a) A Connecticut credit union may, with the approval of the  
1438 commissioner, [sell all or] transfer all or a significant part of its assets  
1439 [in accordance with the provisions of section 36a-210] as provided in  
1440 subdivisions (18), (19) and (21) of section 36a-455a, as amended by this  
1441 act, or transfer all or a significant part of its assets or business to a  
1442 bank, a Connecticut credit union or a federal credit union. The  
1443 commissioner shall not approve such transfer if the acquirer, including

1444 all insured depository institutions which are affiliates of the acquirer,  
1445 upon consummation of the sale, would control thirty per cent or more  
1446 of the total amount of deposits of insured depository institutions in  
1447 this state, unless the commissioner permits a greater percentage of  
1448 such deposits. The transferring credit union and the acquirer shall file  
1449 with the commissioner a written agreement describing the terms and  
1450 conditions of the transaction, and such additional information as may  
1451 be required by the commissioner. Such agreement shall be approved  
1452 and executed by a majority of the governing board of the transferring  
1453 credit union and of the acquirer, provided if the acquirer does not have  
1454 a governing board, the agreement may be executed by a person  
1455 authorized to execute the agreement on behalf of the acquirer.  
1456 Payment for all or part of the assets and business of the transferring  
1457 credit union may be made in cash or by making available on demand  
1458 to share account holders and other creditors thereof funds on deposit  
1459 with the acquirer. The commissioner may require the transferring  
1460 credit union to obtain authorization for the transfer by the affirmative  
1461 vote of at least a majority of the members of such credit union. A  
1462 Connecticut credit union that transfers all of its assets and business  
1463 shall comply with the provisions of section 36a-470a.

1464 (b) A Connecticut credit union may, with the approval of the  
1465 commissioner, sell a branch.

1466 (c) No Connecticut credit union may acquire all or a significant part  
1467 of the assets or business of a federal credit union without the approval  
1468 of the commissioner. Such Connecticut credit union shall file with the  
1469 commissioner an application that includes a copy of any notice,  
1470 application and other information filed with any federal credit union  
1471 regulator in connection with such acquisition and such additional  
1472 information as may be required by the commissioner.

1473 Sec. 14. Section 36a-462a of the general statutes is repealed and the  
1474 following is substituted in lieu thereof (*Effective July 1, 2003*):

1475 (a) (1) No Connecticut credit union shall establish a branch in this

1476 state or outside of this state unless prior to such establishment the  
1477 credit union has filed with the Commissioner of Banking an  
1478 application to establish a branch, [and such application has not been  
1479 disapproved by] The Connecticut credit union may establish such  
1480 branch unless the Commissioner of Banking disapproves the  
1481 application not later than thirty days after the application has been  
1482 filed with the Commissioner of Banking.

1483 [(b)] The Commissioner of Banking may disapprove an application  
1484 to establish a branch if the Commissioner of Banking finds that: [(1)]  
1485 (A) Establishment of the proposed branch is inconsistent with safety  
1486 and soundness; [(2)] (B) establishment of the proposed branch is  
1487 inconsistent with the Connecticut credit union's field of membership;  
1488 [(3)] (C) in the case of a Connecticut credit union whose membership is  
1489 limited to persons with a single common bond or multiple common  
1490 bond, [establishment of the proposed branch will result in an  
1491 impermissible overlap with the field of membership of other credit  
1492 unions] the establishment of the proposed branch will result in an  
1493 oversaturation of credit unions in the town in which the branch is to be  
1494 located; [(4)] (D) in the case of a Connecticut credit union whose  
1495 membership is limited to a well-defined community, neighborhood or  
1496 rural district, [(A)] (i) the proposed branch is not generally accessible  
1497 to the public, [(B) the] (ii) establishment of the proposed branch will  
1498 result in an oversaturation of financial institutions in the town in  
1499 which the branch is to be located, or [(C)] (iii) such credit union does  
1500 not have a record of compliance with the requirements of sections 36a-  
1501 37 to 36a-37e, inclusive; or [(5)] (E) in the case of an out-of-state branch,  
1502 the laws of such other state do not authorize the establishment of such  
1503 branch.

1504 [(c)] Except as provided in [subsection (b) of this section] this  
1505 subdivision, a Connecticut credit union may establish or operate a  
1506 branch in the same or approximately the same location as another  
1507 financial institution, provided any such institution's insurable accounts  
1508 or deposits are federally insured.

1509        [(d) (1)] (2) (A) A Connecticut credit union that proposes to close a  
1510 branch within or outside of this state shall submit to the Commissioner  
1511 of Banking a notice of the proposed closing as soon as possible but not  
1512 less than thirty days prior to the closing date. The notice shall include a  
1513 detailed statement of the reasons for the decision to close the branch.

1514        [(2)] (B) The Connecticut credit union shall provide notice of the  
1515 proposed closing to its members by:

1516        [(A)] (i) Posting such notice in a conspicuous manner on the  
1517 premises of the branch proposed to be closed at least thirty days prior  
1518 to the closing, and

1519        [(B)] (ii) Including such notice in at least one regular account  
1520 statement mailed to its members who utilize the branch proposed to be  
1521 closed, or in a separate mailing to such members at least thirty days  
1522 prior to the closing date.

1523        [(e)] (3) With the approval of the Commissioner of Banking, any  
1524 Connecticut credit union may relocate any branch within this state in  
1525 accordance with such notice and other requirements as the  
1526 Commissioner of Banking may prescribe. As used in this [subsection]  
1527 subdivision, "relocate" means to move within the same immediate  
1528 neighborhood without substantially affecting the nature of the  
1529 business or members served.

1530        (b) (1) No Connecticut credit union shall establish a mobile branch  
1531 in this state or outside of this state unless prior to such establishment  
1532 the credit union has filed with the commissioner an application to  
1533 establish a mobile branch listing each predetermined location. The  
1534 Connecticut credit union may establish such mobile branch unless the  
1535 commissioner disapproves the application not later than thirty days  
1536 after the application has been filed with the commissioner. The  
1537 commissioner may disapprove an application for a mobile branch if  
1538 the commissioner makes such findings under subdivision (1) of  
1539 subsection (a) of this section as the commissioner deems necessary. A  
1540 mobile branch shall be conspicuously identified as a branch of a

1541 Connecticut credit union.

1542 (2) A Connecticut credit union that proposes to close any mobile  
1543 branch shall submit to the commissioner a notice of the proposed  
1544 closing not later than thirty days prior to the date proposed for such  
1545 closing. The notice shall include a detailed statement of the reasons for  
1546 the decision to close the mobile branch.

1547 (3) A Connecticut credit union that proposes to close any  
1548 predetermined location of a mobile branch shall notify the  
1549 commissioner prior to the closing of such location.

1550 [(f)] (c) The Commissioner of Banking may examine and supervise  
1551 the out-of-state branches of any Connecticut credit union and may  
1552 enter into agreements with other state or federal credit union  
1553 regulators concerning such examination or supervision. Any such  
1554 agreement may include provisions concerning the assessment or  
1555 sharing of fees for such examination or supervision.

1556 Sec. 15. Section 36a-462b of the general statutes is repealed and the  
1557 following is substituted in lieu thereof (*Effective July 1, 2003*):

1558 (a) (1) An out-of-state, state-chartered credit union may, with the  
1559 prior written approval of the Commissioner of Banking, establish a  
1560 branch in this state, provided the laws of [such state] the state in which  
1561 the out-of-state, state-chartered credit union is organized authorize  
1562 under conditions no more restrictive than those imposed by the laws  
1563 of this state as determined by the Commissioner of Banking, a  
1564 Connecticut credit union to establish a branch in that state. The  
1565 Commissioner of Banking shall not grant approval unless the  
1566 Commissioner of Banking determines that such out-of-state credit  
1567 union: (A) Is financially solvent; (B) maintains share insurance as  
1568 required under the Federal Credit Union Act; and (C) is effectively  
1569 examined and supervised by an official of the state in which it is  
1570 [chartered] organized. The Commissioner of Banking may disapprove  
1571 the establishment of any such branch if any of the reasons specified in  
1572 subsection [(b)] (a) of section 36a-462a, as amended by this act, if



1573 applied to an out-of-state, state-chartered credit union, exists. An out-  
1574 of-state, state-chartered credit union that has established a branch in  
1575 this state may, with the approval of the Commissioner of Banking,  
1576 establish additional branches in this state in accordance with this  
1577 section.

1578 (2) An out-of-state, federally-chartered credit union may, with prior  
1579 written notice to the Commissioner of Banking, establish a branch or  
1580 additional branches in this state. A federal credit union may, with  
1581 prior written notice to the Commissioner of Banking, establish  
1582 additional branches in this state.

1583 (b) The Commissioner of Banking may examine and supervise the  
1584 Connecticut branches of any out-of-state, state-chartered credit union  
1585 and may enter into agreements with other state or federal credit union  
1586 regulators concerning such examinations or supervision. Any such  
1587 agreement may include provisions concerning the assessment or  
1588 sharing of fees for such examination or supervision.

1589 (c) The Commissioner of Banking may, after giving notice and an  
1590 opportunity to be heard to any out-of-state, state-chartered credit  
1591 union, revoke or suspend the approval given to such out-of-state credit  
1592 union to establish a branch in this state for any reason that would be  
1593 sufficient grounds to deny an application to establish a branch in this  
1594 state.

1595 (d) With prior written approval of the commissioner, an out-of-state,  
1596 state-chartered credit union may expand its field of membership to  
1597 add members in this state, provided the laws of the state in which the  
1598 out-of-state credit union is organized authorize, under conditions no  
1599 more restrictive than those imposed by the laws of this state as  
1600 determined by the commissioner, a Connecticut credit union to expand  
1601 its field of membership located in that state, and the proposed field of  
1602 membership has been approved by the state in which such out-of-state  
1603 credit union is organized. The commissioner shall not approve such  
1604 expansion unless the commissioner determines that: (1) Such out-of-

1605 state credit union is a credit union organized under laws similar to  
1606 sections 36a-435a to 36a-472a, inclusive; (2) such out-of-state credit  
1607 union is financially solvent; (3) such out-of-state credit union has share  
1608 insurance as provided under the Federal Credit Union Act; (4) such  
1609 out-of-state credit union is effectively examined and supervised by an  
1610 official of the state in which it is organized; and (5) any potential harm  
1611 that the expansion of the field of membership of such out-of-state  
1612 credit union may have on any Connecticut credit union and its  
1613 members is clearly outweighed in the public interest by the probable  
1614 beneficial effect of the expansion in meeting the convenience and  
1615 needs of the members of the group proposed to be included in the  
1616 proposed field of membership.

1617       Sec. 16. Subdivision (3) of subsection (b) of section 36a-468a of the  
1618 general statutes is repealed and the following is substituted in lieu  
1619 thereof (*Effective July 1, 2003*):

1620       (3) If the Commissioner of Banking is satisfied that the requirements  
1621 of this chapter have been complied with, the Commissioner of Banking  
1622 shall issue an approval of the merger, which approval may contain  
1623 such terms and conditions as the Commissioner of Banking deems  
1624 necessary or appropriate. After approval of the merger by the  
1625 Commissioner of Banking, the resulting credit union shall file a copy  
1626 of the merger agreement, the plan of merger, the certificate of  
1627 amendment to its certificate of incorporation, if any, and the  
1628 Commissioner of Banking's approval in the office of the Secretary of  
1629 the State. Within ten days after such documents are filed with the  
1630 Secretary of the State, the resulting credit union shall file with the  
1631 Commissioner of Banking copies of such filed documents, and in the  
1632 case of a Connecticut credit union that is the resulting credit union, a  
1633 copy of its amended bylaws, if any. The merger agreement may  
1634 provide for the effective date of the proposed merger, which shall not  
1635 be earlier than the filing of the agreement and the approval of the  
1636 commissioner in the office of the Secretary of the State. If the  
1637 agreement does not provide for an effective date, the merger shall  
1638 become effective on the date of the filing of the agreement and

1639 approval in the office of the Secretary of the State.

1640 Sec. 17. Subdivision (4) of subsection (a) of section 36a-469c of the  
1641 general statutes is repealed and the following is substituted in lieu  
1642 thereof (*Effective July 1, 2003*):

1643 (4) In the case of a converting Connecticut credit union, the plan of  
1644 conversion shall require the approval of a majority of the governing  
1645 board. After approving the plan of conversion, the governing board of  
1646 the converting Connecticut credit union shall establish the date and  
1647 time of a regular or special meeting of members for vote on the  
1648 proposal. Written notice of the meeting at which the proposal is to be  
1649 considered together with a mail ballot and a disclosure statement shall  
1650 be hand-delivered or mailed to each member, at such member's last-  
1651 known address as shown on the records of the converting Connecticut  
1652 credit union, not more than thirty days nor less than fourteen days  
1653 prior to the date of the meeting. The disclosure statement shall include,  
1654 at a minimum, a description of (A) the reasons for the proposed  
1655 conversion; (B) the differences between membership rights in the  
1656 converting credit union and depositor rights in the proposed mutual  
1657 savings bank, mutual savings and loan association or mutual  
1658 community bank; and (C) the significant differences between the  
1659 authorized powers of the converting credit union and those of the  
1660 proposed mutual savings bank, mutual savings and loan association or  
1661 mutual community bank. The notice, disclosure statement and mail  
1662 ballot [shall comply with the requirements of Appendix A to 12 CFR  
1663 Part 708a, as from time to time amended, and] shall be submitted to  
1664 the commissioner for approval prior to distribution to members. Each  
1665 member of the converting Connecticut credit union may cast one vote  
1666 on the proposal. The affirmative vote of two-thirds of all the members  
1667 voting, including those votes cast in person and those ballots properly  
1668 completed and received by the converting Connecticut credit union  
1669 prior to the time of the meeting, shall be required for approval of the  
1670 conversion.

1671 Sec. 18. Section 35-2 of the general statutes is repealed and the

1672 following is substituted in lieu thereof (*Effective July 1, 2003*):

1673 No partnership, common law trust or association, or individual  
1674 using a trade name, shall use, either as a part of its name or as a prefix  
1675 or suffix thereto or as a designation of the business carried on by it, the  
1676 word "bank", "banking", "banker", "bankers", "trust" or "savings",  
1677 provided either the word "bankers" or the word "trust" may be so used  
1678 when qualified and immediately preceded by the word "investment",  
1679 but not followed by the word "company" or "corporation". The  
1680 provisions of this section shall not apply to any charitable or athletic  
1681 association. No provision of this section shall prevent any association  
1682 organized under the provisions of section [36a-85] 36a-70 from using  
1683 the term "savings" either as a part of its name or as a prefix or suffix  
1684 thereto or as a designation of the business carried on by it.

1685 Sec. 19. Section 52-565a of the general statutes is repealed and the  
1686 following is substituted in lieu thereof (*Effective October 1, 2003*):

1687 (a) A drawer negotiating a check who knows or should know that  
1688 payment of such check will be refused by the drawee bank either  
1689 because the drawer has no account with such bank or because the  
1690 drawer has insufficient funds on deposit with such bank shall be liable  
1691 to the payee for damages, in addition to the face amount of the check,  
1692 provided the payee has presented such check for payment, the check is  
1693 dishonored and the drawer fails to pay the face amount of such check  
1694 within thirty days following the date of mailing by the payee of the  
1695 written demand for payment as provided in subsection (f) of this  
1696 section.

1697 (b) In the case of a drawer negotiating a check who knows or should  
1698 know that payment of such check will be refused by the drawee bank  
1699 because the drawer has no account with such bank, such damages  
1700 shall be in an amount to be determined by the court in light of the  
1701 circumstances, but in no event shall such amount be greater than the  
1702 face amount of the check or seven hundred fifty dollars, whichever is  
1703 less.

1704 (c) In the case of a drawer negotiating a check who knows or should  
1705 know that payment of such check will be refused by the drawee bank  
1706 because the drawer has insufficient funds on deposit with such bank,  
1707 such damages shall be in an amount to be determined by the court in  
1708 light of the circumstances, but in no event shall such amount be greater  
1709 than the face amount of the check or four hundred dollars, whichever  
1710 is less.

1711 (d) The drawer shall not be liable to the payee for the damages  
1712 provided for by this section if: (1) The drawer gave such check as  
1713 payment for residential service supplied by a gas, electric, steam,  
1714 telephone or water utility; (2) the drawer gave such check as payment  
1715 for the rental of residential premises; or (3) the drawer gave such check  
1716 as repayment of all, or a portion of, a debt secured by collateral which  
1717 the payee has repossessed.

1718 (e) The damages provided for in this section shall be available only  
1719 to those persons or entities which post or otherwise give conspicuous  
1720 notice to the public of the damages which may be imposed pursuant to  
1721 this section. Such notice shall set forth: (1) The damages that may be  
1722 imposed if a check is dishonored; (2) the section of the general statutes  
1723 authorizing imposition of such damages; and (3) that criminal  
1724 penalties also may apply.

1725 (f) The written demand for payment on the dishonored check shall  
1726 be in the form prescribed by subsection (g) of this section and shall be  
1727 sent to the drawer's last-known residence address or last-known place  
1728 of business (1) by first class mail and [by] certified mail return receipt  
1729 requested with delivery restricted to the drawer, [on] or (2) by first  
1730 class mail or regular mail supported by an affidavit of service by mail.  
1731 Such written demand for payment shall be sent on or after the date the  
1732 payee received notice that such check had been dishonored. Such  
1733 affidavit of service by mail shall provide substantially as follows:

T216 STATE OF

)

AFFIDAVIT OF SERVICE

T217 ) BY MAIL  
T218 COUNTY OF )

1734 ...., being first duly sworn on oath, deposes and states that he/she is  
1735 of legal age and that on (date) ...., 20.., he/she served the attached  
1736 Written Demand for Payment, by placing a true and correct copy  
1737 thereof securely enclosed in an envelope addressed as follows:

1738 ....

1739 ....

1740 ....

1741 ....

1742 and deposited the same, with postage prepaid, in the United States  
1743 mails at ...., .....

1744 ....

1745 (Signature)

1746 Subscribed and sworn to before me this .... day of ...., 20...

1747 ....

1748 Notary Public

1749 .... County, ....

1750 (SEAL)

1751 (g) The written demand for payment required by subsection (f) of  
1752 this section shall be printed in at least ten-point type in both English  
1753 and Spanish and shall include the following: (1) The name and last-  
1754 known address of the drawer; (2) the amount and date of the  
1755 dishonored check; (3) the bank upon which the check was drawn; (4)  
1756 the name of the payee; (5) the reason the check was dishonored; (6) the

1757 address to which payment should be delivered; and (7) an explanation  
 1758 of the damages which may be imposed pursuant to this section in the  
 1759 event the drawer fails to pay the face amount of the dishonored check.

1760 (h) The penalties provided for in this section shall not apply to any  
 1761 check for which payment has been stopped by the drawer or to any  
 1762 check where the drawer has raised a reasonable defense with respect  
 1763 to the validity of the underlying debt.

1764 (i) Notwithstanding the provisions of this section, in the case of a  
 1765 drawer who negotiates a check which is dishonored, the payee or its  
 1766 assignee may impose on the drawer a service charge of up to twenty  
 1767 dollars, provided, no such service charge may be imposed if (1) the  
 1768 drawer has stopped payment on the check, (2) the check was stolen, or  
 1769 (3) the drawer has raised a reasonable defense with respect to the  
 1770 validity of the underlying debt. The drawer shall not be liable under  
 1771 this subsection for more than one such service charge for each  
 1772 dishonored check.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>
Sec. 5	<i>July 1, 2003</i>
Sec. 6	<i>July 1, 2003</i>
Sec. 7	<i>July 1, 2003</i>
Sec. 8	<i>July 1, 2003</i>
Sec. 9	<i>July 1, 2003</i>
Sec. 10	<i>July 1, 2003</i>
Sec. 11	<i>July 1, 2003</i>
Sec. 12	<i>July 1, 2003</i>
Sec. 13	<i>July 1, 2003</i>
Sec. 14	<i>July 1, 2003</i>
Sec. 15	<i>July 1, 2003</i>
Sec. 16	<i>July 1, 2003</i>
Sec. 17	<i>July 1, 2003</i>
Sec. 18	<i>July 1, 2003</i>

Sec. 19	October 1, 2003
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***Statement of Legislative Commissioners:***

The notice provisions in subsections (g), (h), (k) and (l) of section 5 were rephrased for clarity and, in the third sentence of section 13, "prescribing" was changed to "describing" for accuracy.

**BA**        *Joint Favorable Subst.*